

News Summary

GENERAL

Apollo: ecstasy at rock finds

Apollo 15 astronauts Dave Scott and Jim Irwin returned to their lunar module, Falcon, last night after the second of three drives in their moon-buggy during which they found rocks believed to be from the time of the moon's creation.

We found just what we came for, Scott radioed as they thumped up samples of the rocks, which are expected to prove over 300m. years old. Throughout the expedition, they behaved like excited young geologists turned loose in a rock garden. Scientists at Houston are equally ecstatic. They scrapped their mission plan for yesterday's expedition to give their hungry lunar steeples at the base of the Appennine mountains, the highest on the moon. Mission control repeatedly warned them to be careful on the slopes, and Scott fell, but the buggy was never in trouble after having its front spring fixed.

problems

The excursion was not without problems, however. It began an hour late because of minor problems inside Falcon, and Jim's radio antenna broke off the base during the trip. He had to tape it to his back. The orision was also cut short by fan-bour because of the her than expected rate of gen consumption. Today, the astronauts plan to go directly west to the rim Hadley Rille to spend more e studying it and photophing its slopes, before turning to blast back into it.

adan recalls nassadors

Sudanese Government last night decided to recall its ambassadors in Moscow and Bulgaria to protest what it called a "biased campaign" launched by the Communist Press, which strongly condemned the exons which followed the abor-coup against President Far el Nimari.

ach dramas

Coaches were involved in dents—one of them fatal—yesterday. A girl died and 45 e injured in one which overed in Scotland and 12 were red when another overed near Bournemouth. Forty passengers escaped, but just their coach blew up at t Fleet, Worcs., and 52 were urt when another burned out r Paington, Devon.

ying Scot

ie Stewart (Tyrell-Ford) eadly smashed the Nuering lap record to win the man Grand Prix nearly 40 ms ahead of second-placed mate Francis Cevert. With World Championship points, art is virtually assured of year's title.

with the sun

let scientists have built a ar-pump which uses sun power and which can raise gh water from 65 feet to ply daily rations for 2,500 p. Tass reported.

ieffy . . .

ium bond 5LB 001194 won week's £25,000. The winner in London.

he shot a 17-foot whale after were unable to reBoat it the Blackpool beach on it had become stranded night, they were still won- g how to dispose of the

yacht Britannia will be he- g for a discotheque dancing the Queen and Prince y are throwing to-night to hite Princess Anne's 21st ay on August 15.

ever was confirmed at two rms in Yorkshire's East e. Coach Carwyn James de- special praise for British e 19-3 defeat of the All e, writes Dai Hayward.

ter Townsend won the e Open with a 14 under par of 270. Page 3.

ing: Britain's Admiral's team had a clear victory in opening, 220-mile Channel. Page 21.

to-house search of about 0 homes in the Harlow, e area will be undertaken. Detectives trying to trace month-old Denise Weller, shed from her pram in the on Friday.

BUSINESS

U.S. steel strike respite

● **STRIKE THREAT** to the U.S. steel industry has been postponed by a decision of the United Steel Workers of America to extend their deadline for a contract settlement by 24 hours until midnight last night. The extension seemed to confirm reports that the union might be on the verge of agreement with the nine major steel producers. Talks were going on in Washington.

● **WHEN THE NEDC MEETS** on Wednesday new attempts will be made for some understanding between the Government, the CBI and the TUC on the future of the economy. Low-key discussions seem to be the aim of all three. It is hoped that the high unemployment figures and the planned cutback for Upper Clyde Shipbuilders will not sour the better atmosphere which prevailed last month. Back Page

Five Swan Hunter yards to halt

● **WORK IN SWAN HUNTERS** five Type shipyards will stop, it is expected, soon after the yards reopen to-day at the end of the annual fortnight's holiday. The cause is yesterday's decision at a 1,200-strong meeting that the 3,000 ancillary workers are to go on unofficial strike in support of a pay claim. Their decision was taken despite an appeal by Mr. Ken Baker, G.M.W.U. national industrial officer, for acceptance of average rises of £1.10 with the promises of immediate talks to settle a new pay deal. Jobs of 10,000 men in other trades are threatened. The G.M.W.U. men are not likely to meet until Friday. Back Page

● **TWO-DAY STOPPAGE**, to-day and to-morrow, by 130 computer staff at the Giro centre, Booterlie, is to be discussed by Mr. Bill Ryland, Post Office chairman, and Mr. Alistair Graham, official of the Civil and Public Services Union, which is to help in the settlement of the 130 plan a three-day strike next week, four days the week after and then an indefinite strike. Page 19

● **TRADES UNION CONGRESS** in Blackpool next month is to hear attacks on the Government's policy on wages and the nationalised industries. One of the print unions, SOGAT Division A, is proposing that any union deciding to register should be expelled from the TUC. Unemployment is the subject of many resolutions published in the preliminary agenda to-day. Page 19

● **INDUSTRIAL COMPANIES** reporting in July disclosed profits 1.8 per cent. lower than for their previous year, the F.T. analysis shows. The first fall this year, it compares with a 7 per cent. average rise for the first six months. July dividends' rise of 0.5 per cent. stood against a first-half average of 0.9 per cent. Back Page

Fateful vote on Lockheed

● **LOCKHEED LOAN** guarantee legislation goes to the U.S. Senate to-day for what could be a decisive vote. The House of Representatives Bill, approved on Friday by 193-189, deals only with aid for Lockheed, both chambers having agreed to abandon the "broad aid" Bill. The vote is likely to be close; the result may depend on the decision of as few as three Senators. Back Page

● **PRESCRIPTION CHARGES** under the National Health scheme are being re-studied in view of doctors' and pharmacists' opposition to earlier suggestions for basing them on costs of medicines. Apart from a possibility that the charges will not be altered the Government is examining a different method of relating charges to real costs and, alternatively, periodic rises in the prescription flat rate charge, now 20p. A decision is not expected until later this year. Page 19

● **NATIONAL MANAGEMENT** Came winners are Rolls-Royce, (1971) whose five men from the Derby engines division financial controller's office received the championship silver rose bowl. Crossley Carpets were second, Peat Marwick Mitchell third. Page 15

UCS stewards seek massive funds to continue 'work-in'

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

CLYDEBANK, August 1.

Shop stewards at Upper Clyde Shipbuilders are launching a massive campaign for funds to keep going the "work-in" which started on Friday. "We are making an appeal to the labour movement at large to sustain us," said Mr. James Airlie, chairman of the UCS joint shop stewards' committee.

He was speaking after a meeting of the co-ordinating committee (which includes full-time trade union officials) here to-day. The Clydebank yard, which employs more than 3,000 people and is due to close next March unless a buyer is found, is the only UCS unit at work; the others are still on their annual holiday.

Factory tour

The shop stewards have received a stream of telegrams, letters and messages from all over Britain, and a few from abroad, promising help. But, while they need all the moral support they can get for their move, sympathy and even promises are not enough.

So in the next few days leading shop stewards will start touring factories throughout the West of Scotland asking for voluntary levies to be imposed in aid of UCS men who are in increasing numbers to be made redundant.

They will need the money quite soon for to-morrow week

the first redundancy notices will reach anything up to 400 employees, mostly staff. To-day Mr. James Reid, finishing trades convenor at Clydebank, said the people concerned would be told to "report for work as usual." But, while they are not likely to be ejected forcibly, they will be getting on wages; and, not being available for work, no unemployment benefit either. So the sole means of relieving hardship will be Social Security for the families, such help as they can get from those still employed by UCS and the voluntary levies from workers outside.

Switching ship

To-day the co-ordinating committee was considering another "problem" likely to arise in the next few weeks. It is the switching of a "Clyde design" cargo ship from the Scotstoun yard for which it was originally intended, to Govan.

Scotstoun is the first UCS yard due to be closed, probably before the end of the year. The "Clyde" ship is one of three on

which work was suspended by Mr. Robert Smith, the liquidator, three weeks ago. Work, said Mr. Smith, is soon to be resumed, and he had indicated the switch from Scotstoun to Govan, which falls within the Government's rescue operation announced by Mr. John Davies, Secretary for Trade and Industry, last Thursday.

The keel of the ship is being prefabricated at the Linthouse steel factory (also to be retained), a few hundred yards from the Govan yard. All three units are on their annual holiday until August 8.

To-morrow's emergency debate in the House of Commons on UCS is being watched here

Continued on Back Page

Heath abandons yacht race to attend debate

BY JOHN BOURNE, LOBBY EDITOR

THE PRIME MINISTER changed his yacht-racing plans and returned from Cowes to Chequers yesterday evening to help the Government's tactics for dealing with to-day's emergency debate on Upper Clyde Shipbuilders. A major political storm is expected in the Commons.

The two Ministers most closely involved with the fate of UCS—Mr. John Davies, Secretary for Trade and Industry, and Mr. Gordon Campbell, Secretary for Scotland, joined Mr. Heath at Chequers last night for talks over dinner.

Wilson's taunt

The Prime Minister will not be taking part in this morning's Admiral's Cup Race. Although the RAF had arranged to fly him back to Westminster by helicopter at the end of the race if he wanted, it was said yesterday that he had decided last Thursday that he must forgo the race.

Apparently he would have announced his decision then, had he not been for Mr. Wilson's taunt that the Prime Minister's presence would be "required" in the Commons to-day and that he "would not have time for sailing." Understandingly, Mr. Heath was "not going to have the Leader of the Opposition saying he had forced him to abandon his plans," as one Tory politician put it last night.

Ministers recognised that their

decision on UCS could create formidable political difficulties for the Government, especially in view of Clydeside's history of radicalism and the existing high level of unemployment there. But the report of the group of expert advisers on the financial state of the company was apparently worse than even the Cabinet had feared, and it therefore decided it had no option but to lay down firm conditions of "self-help" to Clydeside and the shipbuilding unions if parts of UCS were to be saved.

Powerful impetus

Most Tory politicians—and some Labour ones—believe that he may be "playing with fire" politically by becoming so involved with the UCS workers' take-over of the yards. But last night there were signs that Mr. Benn had recognised this danger.

Those close to him stressed that he had never advised the shop stewards to organise their "work-in" but was naturally on their side when they announced their intentions for Wednesday. He said, "was not being suddenly converted to Trotskyism," but he did feel that the events at UCS must give a power-

ful impetus to the Labour Party's policy thinking on the need for industrial democracy and a greater sharing of power with the workers.

Even greater

Certainly unless Mr. Benn manages to correct the impression given by some reports, he could create difficulties for himself and the Opposition if the take-over by the UCS workers were to lead to violence. Labour leaders believe that after a week or so the take-over could be called off, but the workers' protests then be channelled into more orthodox ways of demonstration.

Mr. Wilson is to visit Glasgow on Wednesday for talks with the Scottish TUC, which has already announced that it is to hold its own public inquiry into the UCS affair.

Meanwhile Ministers are anxiously awaiting the result of President Nixon's moves to save Lockheed—and therefore the Rolls-Royce RB-211 engine—before Congress threatens on Friday. But the Government will almost certainly continue to provide funds to keep the engine's production line going, as long as it believes the President has a good chance of eventually getting his legislation through. If the RB-211 were to die, the unemployment problem in Glasgow, where Rolls-Royce has a plant, would become even greater.

ITT to sell some big holdings in anti-trust settlement

BY JUREK MARTIN

IN ONE of the most important anti-trust settlements in many years, International Telephone and Telegraph, the best-known U.S. conglomerate, has agreed to sell several major companies acquired over the last decade in order to secure control of the Hartford Fire Insurance Company, the merger which has been vigorously fought by the U.S. Justice Department.

The details of the complex settlement were announced in Washington yesterday and should lead to an end to the three-pronged running battle between the anti-trust division of the Justice Department under Mr. Richard McLaren, and ITT, the country's eighth largest company. The terms of the agreement, which still have to secure court blessing, are as follows:

ITT will, within two years, divest itself of its holdings in Canteen Corporation (a food and vending concern acquired in 1969), and the Fire Protection division of the Crannell Corporation (a water sprinkler manufacturer also acquired in 1969). Within three years, ITT will also have to choose between surrendering control of Hartford (also bought in 1969) or selling off four other subsidiaries—Avia Rent-a-Car (bought in 1965), ITT-Levitt and Sons, the nationally known home builders (bought in 1968), ITT-Hamilton

Life Insurance Company and ITT Life Insurance Company. Mr. Harold S. Ceneen, ITT's chief executive, intimated yesterday that his company would not give up Hartford, which brings in annual premiums of about \$100m. The companies that ITT will surrender have sales of a similar amount.

Acquisition ban

In addition, ITT will be prohibited from acquiring any domestic concern with assets of more than \$100m. or any leading concern in a concentrated market without prior approval of the Justice Department or the courts. ITT also agreed not to take any substantial interest in any domestic water sprinkler manufacturer nor in any domestic insurance company with assets of over \$10m.

The Justice Department had been fighting ITT on three fronts since 1969 over the Canteen, Grinnell and Hartford mergers. Federal judges had ruled in ITT's favour in the first two cases, although the Justice Department had in turn appealed to the U.S. Supreme Court; the Hartford case had gone less distance along the legal avenues. The Justice Department, of course, has agreed to halt all these court actions against ITT,

NEW YORK, August 1.

not an easy decision to make since, particularly in the Grinnell case, some very fundamental questions of the law covering conglomerate mergers and anti-trust were at stake. ITT currently has over 400 separate subsidiaries and divisions around the world and its aggressive merger policies have seen it increase its consolidated corporate income for 48 consecutive quarters, the last time to \$104.3m. in the second quarter of this year.

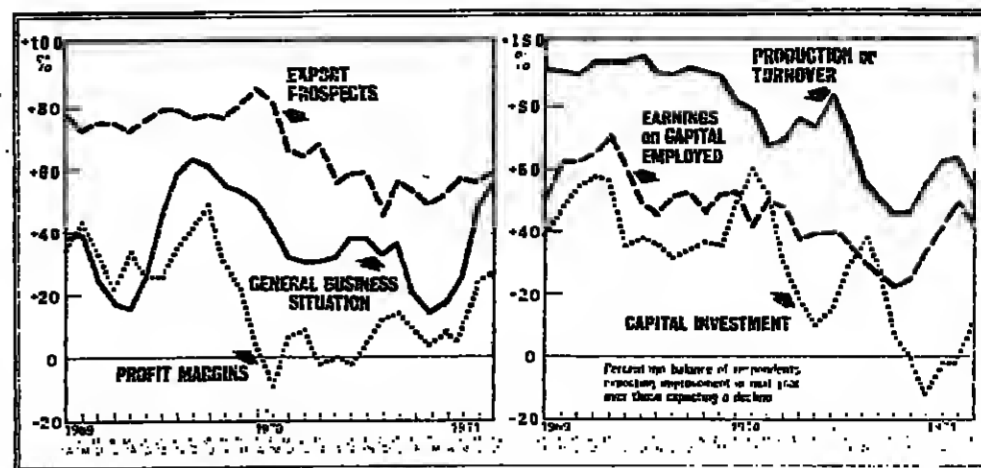
In some ways, the agreement between ITT and the Justice Department resembles that with another celebrated conglomerate, Ling-Temco-Vought, which last year was permitted to retain control of its most expensive acquisition, a steel company, in return for selling off a number of other subsidiaries.

Had ITT and Hartford completed their merger without incurring the sort of settlement that was announced yesterday, they would have combined to form the largest corporation in the U.S., with assets of over \$7,000m., larger even than General Motors.

Mr. Colin Marshall, chief executive of Avia, said in London last night that he had every confidence that the situation would be satisfactorily resolved. In the meantime the planned expansion of Avia would go ahead.

Monthly Survey of Business Opinion

Greater confidence in industry



There has been a further improvement in business confidence this month, both with regard to the general business situation and to the prospects for the U.K. economy over the next twelve months. Only a quarter of this month's sample was interviewed after Mr. Barber's mini-Budget, most of the rest were probably anticipating inflationary measures when they were questioned, although the extent of the relation was probably greater than expected.

However, two indicators which were serving to boost confidence were those for costs and profit margins. Once again there has been a drop in the index of total unit cost increases expected during the next year, and a very slight improvement in feelings about the prospect for wages.

The industry groups examined in detail this month are building and construction, food and tobacco, and textiles and clothing. Both the building and food sectors now show high levels of confidence; the building industry's order book is particularly healthy, reflecting the recent revival in house construction. But textile and clothing companies take a markedly gloomier view of the business situation. The need for Mr. Barber's inflationary package appears to have been borne out by recent

surveys: lack of home orders was cited as a key factor limiting production by 80 per cent. of companies, whereas shortages of labour—even skilled labour—appeared to exercise a negligible influence.

There has been a slight improvement in the outlook for exports this month, no doubt reflecting the recent improvement in world trade. But several firms in all sectors commented that prices had now risen to a level where the benefits of devaluation had been lost, so that either the price factor was directly affecting export levels or business was becoming less profitable. The flotation of the Crampton mark and the Smeaton revaluation were however quoted as a help to companies exporting to those areas.

Details Page 6

RETURN ON TOTAL CAPITAL EMPLOYED

Those expecting pre-tax profits on total capital employed in the next year to:	4 monthly moving total				July 1971		
	Apr. Jul.	Mar. Jun.	Feb. May	Jan. Apr.	Bldg. & Constn.	Food & Textiles & Tobacco	Clothing
Improve	58	62	58	46	48	40	12
Remain the same	26	23	17	30	32	60	75
Contract	15	15	17	13	5	—	9
No comment	1	—	8	11	15	—	4

Clarksons owed £1m. for 1970: computer trouble

BY MICHAEL CASSELL

FURTHER troubles for Clarksons Holidays, one of the British travel operators involved in the Spanish holiday bookings controversy, are revealed in the report and accounts of the parent company, Shipping Industrial Holdings, published to-day.

These show that last year Clarksons failed to collect debts of £1,022m. because of difficulties with a computer. Its auditors state that records on revenue and debtors were not properly kept in the 12 months to the end of last December.

The report also discloses that Shipping Industrial's highest paid director, deputy chairman Sir Alexander Glen, received a rise of more than £13,000 last year. His annual salary increased to £56,512.

Recovery

Mr. Jocelyn Hambro, chairman of Shipping Industrial, commented on the debts: "I am absolutely certain that the position is now all right and I feel sure the auditors agree with me."

Mr. Roy Brooks, company secretary, added: "We believe the money will be recovered in full. It is due from travel agents and some individuals."

"The computer was inefficiently programmed and it could not adequately cope with the volume of input given to it. Things got lost."

In their qualifications, the auditors stated: "In our opinion, records (including computer records) were not properly kept by the company during the year to December 31, 1970, with regard to revenue and debtors and we have consequently been

unable to obtain all the information and explanations we required to form an unqualified opinion as to whether or not the balance-sheet and accounts give a true and fair view of the state of affairs and of the profit of the company."

They added, however: "Since the end of the financial year a considerable effort has been made to rectify the records and sufficient progress has been made to indicate that the profit and loss account does not overstate the likely profit of the year and that the balance-sheet fairly states the assets and liabilities of the company on the assumption

tion that there will be sufficient recovery from debtors to cover the amount at which they are included in the balance-sheet."

A total of 34 employees are shown as earning over £10,000, nine of them receiving between £20,000 and £47,000. Apart from Sir Alexander, one other director also received more than £50,000. Mr. Hambro drew only £1,000 as chairman.

In a joint report, Mr. Hambro and Sir Alexander said more than 500,000 people travelled on Clarksons' inclusive holidays last year, giving the firm a market share of about 25 per cent.

See Page 20

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INTEGRATED

PIONEERS OF INDUSTRY APPLIED COMPUTING

ON OTHER PAGES

INVESTMENT SERVICES	
To-day's issue contains eight pages (11-18) on Investment Services:	
Appointments	6
Arts and Entertainment	3
Building and Civil Engineering	9
Businessman's Diary	4
Company News	20
Crossword	2
Financial Diary	4
FT Stars	24 & 25
International Company News	22
Justian	4
Labour News	19
Leading Articles	10
Letters to the Editor	2
Lex and Lombard	26
Men and Matters	10
Mining Notebook	21
Racing	2
Sport	3 & 21
The Technical Page	8
Theatres and Cinemas	3
To-day's Events	2
TV and Radio	2
Annual Statements	
Auft & Wiborg	7
Cornwall Property	8
Globe & Phoenix	7
Malma Investments	8
Midland-Yorks, Tar	8
Shipping Industrial	5
Jonas Woodhead	5

it would obviously have been better to have scored the run on the following day. I wonder if he would have done the same had he been playing away!



IN BRIEF

● DUTCH Cabinet has decided to repeal the wages and prices regulations introduced by the previous Government, although the wages and prices spiral is still a problem for the Dutch economy, and to appeal to industry and the trade unions to exercise restraint.

● SWISS National Bank has been empowered to freeze foreign currency deposits in Switzerland for periods up to three months in agreement to the Government of the Swiss Bankers Association. It will come into force on August 20.

● CHILEAN operations of the Bank of America were officially taken over by the state today, 16 days after the Government of Salvador Allende announced the Bank was being nationalised with compensation.

● TAIWAN will ask the World Bank for a \$12m. loan to help finance its agricultural development programme.

● AMERICAN COMMAND in South Vietnam announced the latest one-day pullout of troops of a month reducing U.S. troop total by 2,990 to about 222,000 men.

● U.S. troops suffered three dead and eight wounded in a North Vietnamese attack—the heaviest casualties in ground fighting in recent weeks.

● CHINA must continue to build up its armed forces to ward against the possibility of a surprise attack from any quarter, Premier Zhou Enlai said.

● RHODESIA is to prohibit resale price maintenance. Announcement in Umtali at the weekend of the Minister of Commerce and Industry, Mr. Jack Mussett, would be circulated to interested parties for comment.

● CHILE — 5,000 workers at the huge State-controlled El Salvador copper mine are on indefinite strike over wages, the first since the industry was taken over by the Coalition Government of Marxist President Salvador Allende earlier this month.

McMahon sacks Foreign Minister after China row

CANBERRA, August 1.

PRIME MINISTER William McMahon announced here tonight that Foreign Affairs Minister Mr. Leslie Bury had resigned. He said Mr. Bury is being replaced by Attorney General Mr. Nigel Bowen.

But in Melbourne today, Mr. Bury told reporters: "Putting it in a good old Anglo-Saxon term, I have been sacked."

In a later statement he said: "Political life is full of hazards, even for Prime Ministers. I gladly accept them without recrimination."

Mr. Bury had previously held the Ministries of Air, Housing, Labour and National Service, and Treasurer. He took over Foreign Affairs four months ago when Mr. McMahon became Prime Minister replacing Mr. John Gorton.

Addressing a Liberal Party speakers' seminar in Melbourne, Mr. Bury denied that his removal from the Foreign Affairs office had anything to do with ill-health. He gave no reason for his dismissal.

Shortly before his departure was announced, the 58-year-old Foreign Minister had said publicly that he had "profound misgivings about the process involved" in the planned meeting between President Nixon and Chinese Premier Chou En-Lai. Calling Mr. Nixon and Mr. Chou "amateurs," he criticised the idea of summit meetings and said in his view they were "a very poor substitute for the workings of informed professional diplomacy."

Mr. Bury's attack on President Nixon's planned visit to China was made as he addressed a Liberal seminar in Melbourne.

He said: "The setting aside of so much knowledge and experience and the substitutions of amateurs impelled by democratic political motives is, in my view, fraught with danger."

He told the seminar that he had informed the Prime Minister that he would not accept a diplomatic appointment and wished to remain a backbencher in the House of Representatives.

In his announcement, Mr. McMahon said Mr. Bury had an impressive record in which he

could take great pride. "He has earned the gratitude of all Australians," he added.

The Prime Minister also promoted West Australian backbencher, Mr. R. V. Garland, 37, to the post of Minister for Supply. Other Ministerial changes announced were: the Leader of the Liberal Opposition Government in the Senate, Senator Sir Kenneth Anderson, becomes Minister for Health. Senator Ivan Greenwood takes over as Attorney General.

New Health Minister Sir Kenneth Anderson was formerly Minister for Supply. He moves into fifth place in Government seniority. Senator Greenwood, the new Attorney General, previously was Health Minister.

● Reuter adds from Brisbane: The Queensland Government's controversial state of emergency may be lifted on Monday—26 days after it was imposed to give police wider powers against anti-apartheid demonstrators during the South African Rugby team's visit to Brisbane.

Egypt's offer on Soviet forces

BY OUR OWN CORRESPONDENT

EGYPT'S President Mr. Anwar Sadat has told the U.S. that he will evacuate the Russian troops who are carrying out operational missions along the Suez Canal— if an interim agreement is reached between him and Israel, and if the Suez Canal is opened to free navigation.

This undertaking is understood to have been given to Mr. Michael Stern, head of the Egyptian desk in the State Department during his recent trip to Cairo. Although Mr. Sadat's meeting with Mr. Stern was not publicised, it is now known that the two men met immediately after the American arrival. A second meeting was scheduled but it did not take place.

According to sources in Tel Aviv, the contents of Mr. Sadat's proposal was included in a file of 47 pages which was prepared by the Assistant Secretary of State, Mr. Joseph Sisco, who is now in Israel for talks with Premier Mrs. Golda Meir and the Defence and Foreign Ministers.

Mr. Sisco met Mrs. Golda Meir for two hours on Friday and is due to meet her again tomorrow. Israeli observers said today that Mr. Sadat's proposal did not constitute a change in the Egyptian position. Mr. Sadat is still insisting on crossing the Canal, to which Israel objects, and is pressing for a prior Israeli undertaking for complete withdrawal to the international border within six months after the re-opening of the Canal.

Israeli refusal to give such an undertaking and insists that the withdrawal be to "secure and recognised borders."

As to the eventual evacuation of Soviet troops from Egypt, Israeli observers remark that there will still be 12,000 to 15,000 Soviet experts and advisers stationed in Egypt to assist the Egyptian army. Thus, Egyptian dependence on the Soviet Union does not necessarily diminish if and when

operational crews are withdrawn. Also, Israelis believe that the Soviet-Egyptian pact signed on May 27 extends Egyptian dependence for the next 15 years. Therefore, Israeli argue, Mr. Sadat's proposal is unsubstantial.

Nevertheless, Israeli officials told the Financial Times today that it is unlikely that Israel will reject flatly the Egyptian proposal and would probably submit a counter-proposal which could serve as a basis for further discussions.

IN CAIRO Egyptian Foreign Minister Mr. Mahmoud Riad accused the U.S. today of trying to cover up the issue of Israeli occupation of Arab land by focusing efforts on a reopening of the Suez Canal. He warned that the U.S. was attempting to confuse Arab and world opinion.

He also accused the U.S. of abetting Israeli aggression by giving aid to Tel Aviv.

"Quit government" call to Pakistan Army

BY OUR OWN CORRESPONDENT

KARACHI, August 1.

THE PRESIDENT YAHYA KHAN warned of the dangers of war in a television interview late on Friday when he said: "We are very near to war with India. I am watching the situation. If the Indians have the idea of taking a chunk of East Pakistan, it would mean war. Let me warn them and the world, it means total war." He denied charges of genocide, and accused India of stopping refugees from returning to Pakistan.

Mr. Bhutto, chairman of the People's Party, the largest political party in Pakistan now that the Awami League has been outlawed, said that he viewed the threat posed by India "we do not want to weaken our armed forces" and for that reason he did not want a confrontation.

But he declared himself opposed to "any procrastination in the return to civilian government." Mr. Bhutto was reporting

to the Press on his talks with President Yahya Khan about the return to civilian rule after his fourth meeting in a month with the President within a month.

He said: "We have crossed the first hurdle," but declined to say what this was.

● PRESIDENT YAHYA KHAN warned of the dangers of war in a television interview late on Friday when he said: "We are very near to war with India. I am watching the situation. If the Indians have the idea of taking a chunk of East Pakistan, it would mean war. Let me warn them and the world, it means total war." He denied charges of genocide, and accused India of stopping refugees from returning to Pakistan.

Zambia students to sign pledge

BY OUR OWN CORRESPONDENT

LUSAKA, August 1.

UNIVERSITY of Zambia students will be asked to pledge to devote themselves solely to studies and do nothing calculated to undermine the Govern-

ment. This order together with the upholding of the expulsion of 10 members of the student executive and the deportation orders against two lecturers in the English department has caused yet another university crisis here.

The university senate and academic staff have issued a joint strongly worded statement deploring the undermining of academic freedom and the autonomy of the university by the Government taking disciplinary action which should have been left to university authorities.

They also consider the deportations arbitrary and without foundation. The statement refers to President Kenneth Kaunda's inaugural address in which he had said, "A university cannot meet its heavy responsibility to the nation unless it is able to give its members freedom within an atmosphere of freedom."

The statement says: "We do not believe that it is healthy to single out students in this way as a potentially suspect group. We also fear that difficulties of interpretation and enforcement of adherence to such a pledge would bring authority into contempt."

The statement adds that the

JAPANESE AIR CONTROL

Elementary precautions needed

BY HENRY SCOTT STOKES

IT IS BAD LUCK on the Japanese, but their nation seems to be prone to be the site of air disasters. Yet there has been something peculiarly shocking to the Japanese about the latest horror—the mid-air collision of a fighter jet and an All Nippon Airways (ANA) Boeing 727 airliner over Japan on Friday afternoon. An eye-witness recorded how he saw: "A string of dots... people" spilling out of the sky and plunging to earth. No one in the airliner survived. This was the worst disaster in the history of aviation, with the loss of 162 lives, all but one Japanese.

Inefficient

It is not just the fact that the victims were almost all Japanese which has struck such a chord in this country. Rather, it is the feeling that this was an accident which might have been avoided, given elementary precautions. In this sense the crash is seen as having been different from others which have occurred in Japan in recent years. Farly it seems to have been a question of pilot error. The fighter pilot, a 22-year-old, Sergeant Yoshimi Ichikawa, was a trainee with little experience in the air. Much more serious, however, is the suggestion that Japan's traffic control system was at fault, and remains inefficient.

The problem is in essence a simple one. It is that there are three systems of air traffic control in Japan, and they have not been unified. The three systems are: first, one which comes under the Civil Aviation Bureau (C.A.B.) of the Japanese Ministry of Transport, and which is responsible for civil air traffic, both domestic and international; secondly, the traffic control system operated by the Japanese Air Self-Defence Forces (A.S.D.F.) over which the Defence Agency has ultimate authority, and which controls the movements of all Japanese military aircraft; the third system is that of the American Fifth Air Force in Japan, and controlling both purely U.S. air bases (vital for the defence of Japan) and civil airports used by both the U.S.A.F. and the A.S.D.F.

It is a messy system, taken as a whole. There is much consultation between the three parties involved; but the problem is that consultation falls short of comprehensive unified control. This may be seen in the case of the collision which took place on Friday. At the time of the accident the jet fighter was on "visual" controls, that is, it was up to the pilot and his trainer (a second F-86 jet) to spot any other aircraft in his vicinity with his own eyes. But the airliner was flying on instruments. These two systems were independent of each other. The fighter pilot, Sgt. Ichikawa, only became aware of the rapidly overtaking airliner, coming from behind, when it was too late.

If the lack of a unified air traffic control system in Japan is one problem for Japanese

the ANA crash must be compensated by the Defence Agency (as well as by the airline); in each case the sum will be 1m. yen (£1,500).

A second move, in response to public outcry, was in look for scapegoats. Today the head of the Defence Agency, Mr. Keikichi Masuhara, offered his resignation to Mr. Saio. A second resignation today was that of General Yasuhiro Ueda, head of the air staff council of the ASOF. This in itself represents recognition that the pilot of the ASDF fighter was largely responsible for the collision. The pilot was in fact inside the regular air corridor for airliners travelling between the Northern Island of Hokkaido and Tokyo, the busiest of Japanese domestic routes. Further actions have been to have the police arrest Sgt. Ichikawa and

jump by nearly ten-fold." If a unreported "near miss" was counted as well.

The Government is meanwhile starting to address itself to the fundamental problem: the lack of a unified air traffic control system in Japan. The authorities can plainly no longer permit a vacuum in control, but the difficulty is to decide who shall be given responsibility for controlling the air over Japan: the Air Self-Defence Forces is much better equipped to do the job than the C.A.B. the Transport Ministry, since only the ASDF has a fairly complete radar system in operation covering most of the country. In public opinion, however, it is a decision to give the ASDF control of the air—since it is the military who are held responsible for Friday's disaster.

High-handed

The Government has both technical and a political problem on its hands. The armed forces have not been well regarded in the general public in Japan ever since the end of the Pacific War, and a political element has entered into public condemnation of the ASDF over the week-end, with the opposition political parties taking the opportunity to denounce the "high-handedness" of the Japanese armed forces.

Yet the Government cannot easily equip the civilian authorities, the C.A.B., with a radar control system—it would cost "huge" sums of money. The airlines are the first to admit and it would take a considerable amount of time. Equally, equipping Japanese airports with instrumental landing system would be expensive and time consuming.

There is thus no easy short-term solution to the problem facing the Japanese Government. As so often in modern Japan public investment has lagged behind the explosive growth of the private sector (in this case the airlines, whose traffic has grown ten-fold in little more than a decade). The tardiness of Government in matching the growth of the private sector cannot be compensated for over night, yet somehow Japanese skies have to be made safe, and at once, so at least public opinion is demanding.

airlines, there is a second difficulty which must be considered. This is that most Japanese airports have inadequate landing facilities. In certain cases landing strips are considered dangerous (Akita, Kokura, Matsuyama and Toyama) per se, but in most instances the problem is that full instrumental landing systems have not been established. Such systems have been set up at only four of Japan's 55 airports and airfields in use by the airlines. The remaining 51 establishments have "non-directional beacons," which do not tell the pilot of an aircraft approaching to land where precisely he is.

What, then, is the Japanese Government doing about the situation? The first reaction of Prime Minister Mr. Eisaku Sato was to return from his mountain resort and to make several quick decisions, after consultation with the civil and military aviation authorities. One was that the relatives of the victims of

the officer who was training him at the time of the crash, and to set up an official investigating team which is already at work at the site of the disaster, some 270 miles north of the capital.

But the most urgent need is to ensure that there are no further accidents. All ASOF training flights over the mainland have been stopped. (They will admit interim take place only over the sea.) This has been judged to be necessary not only because of the collision on Friday, but also on account of the fantastic number of "near misses" which it has now been revealed—have taken place in the past few years over Japan. If one defines a "near miss" as a mishap reported by pilots as Japanese airliners to their head offices, and thence referred to the ministry of transport, the following is the record: 12 cases in 1967, 27 in 1968, 18 in 1969 and another 28 last year. Altogether, 84 cases. The Asahi Shinbun, the leading Japanese newspaper, these figures "would

Sumed contract signed

BY OUR OWN CORRESPONDENT

CAIRO, August 1.

THE CONTRACT with the West European consortium for the construction of the 207-mile oil pipeline between the Gulf of Suez and the Mediterranean (SUMED) was signed here last night after nearly seven weeks of tough haggling, without a British signature to the contract.

Constructors John Brown, who were ordered to have built the Suez terminal, were replaced on that part of the project by the German Mannesman Company and have not yet made up their minds whether to accept the one-third section of the pipelaying offer to them. If they finally turn down the offer, it is expected that another British company will take over, so that the ECDC credit amounting to \$39m. can be fully used.

Other British companies involved in the project are Motherwell Bridge, who will build the

storage tanks at the Suez end and Dunlop, who are to be the contractors for the hoses on the sealines.

The final price of \$290m. (including \$225m. in foreign credits) must be considered a good one for the Egyptians.

IRAQ AIR CHIEF FACES CHARGES

By Our Own Correspondent

BEIRUT, August 1.

THE COMMANDER of the Iraqi Air Force and four of his aides are among some 50 officers and civilians to go before a court martial soon on charges of conspiracy to overthrow the Baathist regime in Baghdad, according to reliable Arab diplomatic sources here.

The commander, Air Marshal Hussein Hayawi, had led a movement inside the air force to carry out a coup that was to be staged in July 14, the anniversary of the 1958 military movement which toppled the monarchy.

Berlin visas proposal

BY MALCOLM RUTHERFORD

BONN, August 1.

THE EAST GERMAN news agency, MR. has reported that East Germany has made a "large scale" offer to the West Berlin Senate to allow West Berliners the chance of visiting East Berlin and East Germany as a whole for periods totalling a maximum of 30 days a year. According to the agency, visitors would require an identity card and a visa.

The offer in itself is not surprising. East Germany has shown itself ready to allow such visits for some time, provided they are made on the East Germans' own terms. The Senate, however, has consistently shown reserve for fear that its own bilateral talks with East Berlin would undermine the Four-Power Berlin talks, which may now be in a crucial stage.

After the meeting of the ambassadors of the Four Powers on Friday, Mr. Piotr Abrassimov, the Soviet ambassador to East Berlin and chief Soviet negotiator in the talks, is believed to be returning to Moscow for consultations with his Government. There is some speculation that

GOLD, SDR SALES TO 14 COUNTRIES

By Paul Lewis

PARIS, August 1.

WEST GERMANY, Japan and Holland are the three principal beneficiaries from the latest lift distribution of gold and Special Drawing Rights announced over the weekend.

The Fund has purchased national currencies from 14 member countries to a total equivalent value of \$135m., giving gold and SDRs in exchange.

West Germany heads the list with a sale of DM100 to the value of \$30.8m., followed by Japan (\$29.2m.) and Holland (\$21.2m.). In each case the Fund wished to replenish its holding of the member's currency and offered the country concerned a choice between gold or SDRs in exchange.

Sime Darby Holdings Limited

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar with effect from 2nd August, 1971.

All correspondence and documents for registration regarding the Principal Share Register should in future be sent to:—

Lloyds Bank Limited,
Registrar's Department,
The Causeway,
Goring-by-Sea,
Worthing,
Sussex.
Telephone: Worthing 44741 (STD Code 0903)

Sime Darby Holdings Limited.

Shipping Industrial Holdings Limited

Record Profits in 1970

Record profits, before tax, of £4,247,000 were earned in 1970, including £1,557,000 from the Landel Group acquired during the year. Considerable growth took place in the operations of S.I.H. and, with the Landel acquisition and that of Dane Shipping Company Ltd. early in 1971, a much broader operating base is now established.

Clerksons Shipbroking and Shipowning Divisions alone provided a substantially larger net profit in 1970 than did the whole of the Group during the previous year: a suitable setting for the honour bestowed on Clerksons by the "Queen's Award" given for the first time for contributions to Britain's invisible earnings.

Insurance Underwriting and Broking both had good years, while the Holidays Company, engaged in a major system change to Computer operations, carried profitably over 500,000 passengers. There was continuing improvement in the Freight

Division which contributed to Group profits.

Prospects for 1971

So, with the stronger base which has been established and, provided there are no unforeseen operational setbacks, or that material changes over the next six months do not adversely affect the national or international environment in which our operations are set, we would expect results for 1971 on a like-for-like basis to be comparable with those achieved in the favourable year of 1970.

To look further ahead is often impossible, but at this stage we are prepared to say that, while on one hand S.I.H. is now better able to withstand problems or setbacks in any one part of its operations, on the other hand the broader base which has been achieved should equally encourage growth as well.

Comparative Figures	1970	1969	1968
Group Profit before Taxation	£4,247,000*	£1,677,000	£1,368,000
Group Profit available for appropriation	£2,559,000	£908,000	£743,000
Earnings per 25p share	20.55p	10.67p	8.89p
Dividend per 25p share	8.75p	4.50p	3.68p

*Group Profit before Taxation includes £1,557,000 from the Landel Group acquired during the year.

Principal Activities

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INSURANCE BROKING
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Copies of the Report and Accounts are available from The Secretary, 15 St. Helen's Place, London, EC3A 6DD

Uganda ignores Swedish and Irish approaches

BY OUR OWN CORRESPONDENT

KAMPALA, August 1.

UGANDA is so far ignoring diplomatic approaches from Sweden and Ireland over four helicopters seized after an Irish freighter plane forcedlanded at Entebbe while en route to Tanzania. Uganda security forces closed her border with Tanzania and barred all flying in and from that country after accusing Tanzania of training guerrillas for operations here in support of former President Obote who was ousted in last January's coup.

This weekend the Uganda Government made its first reference to the helicopters,

announcing that they had been seized in retaliation for Tanzania's action in seizing 25 tons of arms and ammunition in transit to Uganda when the coup took place. The Defence Ministry said the helicopters would be released when Tanzania freed the arms.

The incident is complicated because Tanzania says she is not concerned since the helicopters were never delivered to her. And while Sweden, suppliers of the helicopters, and Ireland have a ground for complaint their diplomatic approaches are unlikely to bring early replies.

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FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Barber measures were badly needed

INDUSTRIALISTS are becoming more optimistic about the general business situation and the U.K.'s economic prospects for the next twelve months.

This is the main finding of the latest Financial Times monthly business opinion survey, which also suggests that there has been a further recovery of profit margins.

The survey was conducted at a time when most respondents were anticipating the effects of Mr. Barber's July mini-Budget, and a quarter of the sample was interviewed after the measures had been announced.

For the seventh month running the survey shows a fall in

the index of total unit cost increases expected over the next twelve months. The median figure was over 10 per cent. at about this time last year. It has now fallen to 7.4 per cent. This seems to reflect both the pruning of labour forces which has taken place this year and the feeling that there has been an improvement in the industrial relations atmosphere.

The survey shows that both the output and order situation had worsened before the July measures were announced, and that predictions of output levels over the next twelve months were still being revised downwards. Shortages of home orders were being quoted by 50 per cent. of respondents as the

main factor limiting production, but the export situation had improved a little.

Of the three industrial sectors examined this month—building and construction, food and tobacco and textiles and clothing—the building industry was the most buoyant and textiles remained depressed. It will be some months before the effects of the mini-Budget on expectations are fully reflected in this survey.

In spite of the continuing improvement in the outlook for unit costs, the survey still shows that preponderance of companies—62 per cent.—expect wage increases to remain in the 10 per cent. to 14 per cent. range over the coming year.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
More optimistic	60	55	43	35	72	70	14	—
Neutral	37	38	39	47	28	30	86	—
Less optimistic	3	7	18	18	—	—	—	—

EXPORT PROSPECTS

Those expecting direct export sales during the next twelve months to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Rise	60	58	58	52	53	43	95	—
Stay about the same	21	21	18	18	10	54	5	—
Fall	1	2	1	1	—	—	—	—
Not applicable	18	19	23	29	37	3	—	—

NEW ORDERS

The trend for new orders in the last four months is:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Up	31	30	44	45	33	18	1	—
Same	10	13	16	18	22	2	5	—
Down	17	16	14	10	2	—	94	—
Not available	42	41	26	27	43	80	—	—

PRODUCTION/TURNOVER

Those expecting production/turnover in the next year to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Rise over 20%	1	1	2	1	—	—	—	—
Rise 15-19%	1	1	4	8	—	—	—	—
Rise 10-14%	18	25	25	27	—	—	—	—
Rise 5-9%	40	36	31	23	23	42	9	—
About the same	33	28	15	13	59	58	86	—
Fall 5-9%	5	6	5	5	—	—	—	—
Fall over 10%	—	—	—	—	—	—	—	—
No comment	2	3	18	23	18	—	5	—

STOCKS

Volume of material stocks or bought-in supplies during the next year expected to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	7	10	16	22	—	22	12	—
Stay about the same	53	49	35	37	68	68	8	—
Decrease	29	29	37	31	—	9	80	—
No comment	11	12	12	10	32	1	—	—
Volume of goods on hand for sale	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	19	21	12	18	—	22	8	—
Stay about the same	43	39	35	40	82	69	76	—
Decrease	20	23	29	17	5	9	1	—
No comment	18	17	24	25	13	—	15	—

FACTORS CURRENTLY AFFECTING PRODUCTION

Are any of these factors affecting turnover at the present time?	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Shortage of:								
Home orders	80	75	60	55	84	75	99	—
Export orders	37	35	44	41	53	26	21	—
Executive staff	2	2	2	2	11	—	—	—
Skilled staff	3	5	7	14	22	—	9	—
Manual Labour	—	1	4	9	—	2	—	—
Components	2	2	3	4	—	—	—	—
Raw materials	3	3	11	12	—	17	1	—
Production capacity (plant)	4	5	14	14	—	—	1	—
Finance facilities	2	2	1	4	1	—	—	—
Others	—	1	2	7	—	—	—	—
Labour disputes	—	1	10	11	—	—	4	—
No factor	14	19	23	26	5	5	—	—

LABOUR REQUIREMENTS

Those expecting the number of employees during the next twelve months to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	21	24	24	25	—	2	—	—
Stay the same	56	54	55	54	86	80	83	—
Decrease	22	22	20	17	3	18	17	—
No comment	1	—	1	4	11	—	—	—

CAPITAL INVESTMENT

Those expecting total capital expenditure in the next year to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Increase	41	35	34	31	80	63	19	—
Stay the same	27	27	25	19	18	55	—	—
Decrease	31	37	36	43	2	2	77	—
No comment	1	1	5	7	—	4	—	—

COSTS

Those expecting hourly wage rates in the next year to rise by:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
0-4%	—	—	—	—	—	—	—	—
5-9%	32	30	26	28	18	71	93	—
10-14%	62	64	65	58	69	26	7	—
15-19%	3	2	2	2	—	2	—	—
20%+	—	—	—	—	—	—	—	—
Same	—	—	—	—	—	1	—	—
Decrease	—	—	—	—	—	—	—	—
N/A	3	2	7	12	13	—	—	—
Those expecting total unit costs in the next year to rise by:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
0-4%	6	4	5	7	—	9	76	—
5-9%	74	72	62	48	71	40	20	—
10-14%	8	8	16	19	22	2	4	—
15-19%	—	—	1	1	—	—	—	—
20%+	—	—	—	—	—	—	—	—
Same	3	—	—	—	—	40	—	—
Decrease	—	—	—	—	—	—	—	—
N/A	9	16	16	25	7	9	—	—

PROFIT MARGINS

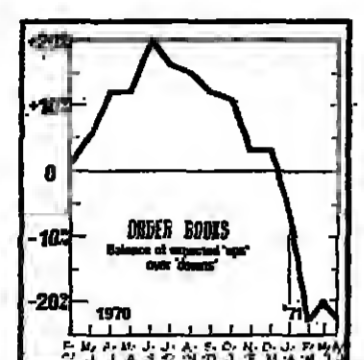
Those expecting profit margins in the next year to:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Improve	44	44	26	27	48	29	82	—
Remain the same	37	35	50	50	45	49	4	—
Contract	18	20	22	20	5	18	10	—
No comment	1	1	2	3	2	4	4	—

ORDERS AND OUTPUT

Home orders the key problem

Both the level of new orders and the total size of order books has continued to fall, with many respondents reporting that new orders over the last four months are no higher than they were a year ago. The lack of home orders continues to be a key problem, and is now quoted by 80 per cent. of respondents as a factor affecting production, against 55 per cent. three months ago. Export orders, on the other hand, appear to have improved slightly.

The balance of firms reporting an increase in output and deliveries in recent months con-



tinues to run below the levels of the last three years. Of the

industries covered in July, building and construction firms report an improvement, but there is little change in the overall position of the textile and food groups.

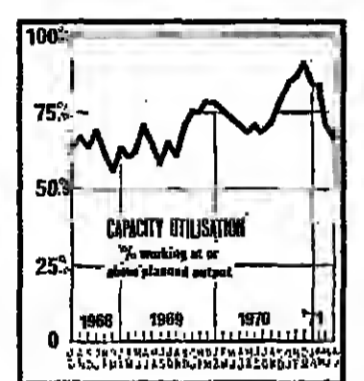
There has been a further decline in the number of firms expecting production to increase over the next 12 months. Of the sectors surveyed this time, the food and tobacco industry was the most optimistic about the prospects for production. Companies clearly felt much in need of the reflationary measures which were introduced in Mr. Barber's mini-Budget.

CAPACITY AND STOCKS

Lower capacity working

There has been a further decline in the proportion of firms working at or above planned output levels. Of the individual groups examined this month, the textile industry seems particularly depressed, and less than half the food group is working to target capacity levels.

Much tighter control over stocks is evident all round. Few firms now expect their material stocks to increase over the next 12 months; there is a rise to 53 per cent.—in the number expecting stocks to stay at roughly the same levels; and a sizeable



minority—29 per cent.—looks to fall in stock levels. This con-

traction of stocks is usually spoken of as being a deliberate act of policy, to release additional capital.

A marked decline in stocks of raw materials is predicted by the textile and clothing industry, where 80 per cent. of respondents expect a fall. The food and tobacco industry expects an increase, and in building the prospect is one of little change.

Stocks of manufactured goods are expected to stay fairly stable over the next 12 months, largely because it is felt they have already been pared to the limit.

CAPACITY WORKING

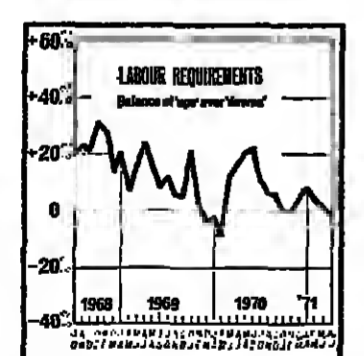
Those working at:	4 monthly moving total				July 1971			
	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.	Apr. Jul.	May Jun.	Jun. Jul.	Jul. Aug.
Above capacity	3	4	4	3	5	8	1	—
Planned output	64	68	79	80	93	48	14	—
Below	33	28	16	14	—	41	82	—
No answer	—	—	1	3	2	3	3	—

INVESTMENT AND LABOUR

Low demand for labour

The employment outlook at the time of this month's interviews still looked depressed. Since late in 1968 the proportion of respondents expecting to increase their labour force in the following 12 months has been on a downward trend, and this month the number expecting their labour requirements to fall just exceeds those expecting an increase.

An outstanding feature this time is the high percentage of companies in the building, food and textile industry samples which expect little change in the employment situation over the



next 12 months (over 50 per cent. in each case).

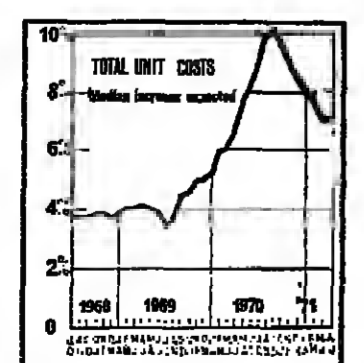
The outlook for capital investment has improved somewhat. In the last three months the proportion of all respondents expecting a rise in capital expenditure has gone up each time. There are now 41 per cent. in this category, compared with 31 per cent. who predict a reduction. Both the building and food industries foresee a rise in capital expenditure (80 per cent. of respondents in building, and 63 per cent. in food and tobacco). But in the textile and clothing group a sizeable number of firms are expecting to reduce their spending over the next 12 months.

COSTS AND PROFIT MARGINS

Further fall in costs seen

For the seventh month running there has been a fall in the index of total unit cost increases expected over the next year. Having reached double figures in the summer of 1970, this index is now down to 7.5 per cent.

The number of firms hoping to contain wage increases below the 10 per cent. level continues to increase slowly—but the proportion of respondents forecasting wage increases in the 10 per cent. to 14 per cent. range is still 62 per cent., against 65 per cent. last month. Of the groups examined in detail this month, the least optimistic about costs is the building and construction industry; on the other hand the majority of the food and tobacco, and textile and clothing sample, expect to contain wage increases in the 5 per cent. to 9 per cent. range.



profit margins. The textile and clothing industry, in particular, foresees a marked improvement in margins; so, to a lesser extent, does the construction industry. But it was noteworthy that one large manufacturer in the food and tobacco sector was doubtful about covering costs after signing the Confederation of British Industry's agreement on price

restraint. Underlying these predictions, however, is the suspicion that traditional accounting practices are still overstating the extent of the profits revival in real terms.

These surveys are based upon detailed interviews with top executives about their companies' situation and prospects. Three industries and about 30 companies are covered in turn every month from a sample based upon the FT-Actuaries Index, which accounts for about 60 per cent. of the total turnover of all public industrial companies. The weighting is market capitalisation.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month). Foreign owned companies operating in Britain have been included in the sample since November, 1968.

APPOINTMENTS

Provincial Insurance deputy chairmen

Mr. J. T. S. Bower and Mr. R. S. Clifton have been appointed deputy chairmen of PROVINCIAL INSURANCE COMPANY and PROVINCIAL LIFE ASSURANCE COMPANY.

Mr. A. R. Langan has been appointed managing director of RATCLIFFE BROTHERS and VICTORIA, members of the Public Corporation group, from September 1.

Mr. J. Harris has been made sales director, and Mr. M. W. Fordyce, finance director, of both companies. Mr. T. R. May, works manager of Victoria, has also been appointed to the Board of that company.

Mr. T. Mitchell has been appointed to the Board of J. C. BAKER HOLDINGS, as financial director.

Mr. L. J. Thomas has resigned as chairman and managing director of STRATFORD EQUIPMENT COMPANY, but remains on the Board of John Tann Security, the parent concern.

Mr. J. W. Lery has been appointed chairman and Mr. B. A. Evans managing director of Stratford Equipment Company.

Mr. P. A. Bull has been appointed a director of GRAND JUNCTION COMPANY and the following subsidiary companies: Land Revenues Trust and the London Property Investment Trust (and its subsidiary, Brook Drive Properties).

Graham Hill, while continuing to lead the Bramham F1 and Rondel F3 teams, has joined GKN, Britain's largest engineering group, in a consultative capacity. He will be involved with GKN's automotive sub-groups.

Mr. Matthew M. Sloan, joint-secretary of the SCOTTS STOCK EXCHANGE has retired after 33 years' service.

Mr. William A. Stupart, joint-secretary of the Exchange, is now sole secretary. Mr. Stupart

Wilson 'never worried' about stab in back

Mr. Harold Wilson said last night that he never worried about a political stab in the back. He was asked in a television interview whether he ever approached colleagues whose personal ambitions competed with his own, when the Press were saying the knives were out. Mr. Wilson replied: "No, good heavens no." Several bad said that he was under a bus, they would be a candidate.

"But I certainly don't interpret that as meaning they are going to push me under one."

"In any case, I'd stay on the pavement."

Mr. Wilson was appearing in the second part of London Weekend Television's *Man in the News* profile.

On the Common Market, Mr. Wilson said that the absence of any permanent arrangement for New Zealand was a pity. The Market was "too directed to ensure inefficient agricultural production."

"That is one reason why I find the terms disappointing and unacceptable."

Mr. Wilson, questioned about his recent book, agreed that, as

Prime Minister, he had felt it right to join Europe, though he added he had always assumed it would not be such a tightly-knit bloc that Britain would not be able to go on trading with the outside world.

Not "seduced"

Mr. Wilson denied he had been "seduced" by President Johnson, L.B., was a very mixed character—he could be stormy one moment and then very friendly. But basically he was "loyal to Britain and what we were trying to do."

The Opposition Leader said he had never felt that because America supported him, he owed Rhodesian sanctions, he owed America something on Vietnam. He was asked if it was conceivable that any future Labour Prime Minister would try to negotiate with Mr. Ian Smith, now he had categorically said he did not believe in the "six principles," the last of which Mr. Wilson added "to give some protection to the white minority."

"As long as he does not expect

them... then, of course, there cannot be an agreement," he replied.

"I think it inconceivable that a Conservative Prime Minister can reach an agreement with him which flies in the face of the five principles."

"And I think that myself and any future Labour Prime Minister will insist on the five principles as an additional agreement."

It would have been historically impossible and morally wrong to have used force against Rhodesia.

Mr. Wilson said he thought that the TUC declaration of intent, which Labour had accepted in place of their Industrial Relations Bill, was as effective as if the Bill had become law.

Did he recognise that he now had a credibility gap problem? "I recognise that a lot of the newspapers have been whipping it up by the nice selective quotation," he said.

"When you get the whole picture of course, it is bound to have some effect."

GOVERNMENT AND INDUSTRY

'Competition' may not be enough

BY AUSTEN ALBU, MP

WHEN the Government came into office there were signs that, tired of the arguments of post-Keynesian economics, they might be returning to the Liberal Party position in the great tariff reform battles of the turn of the century. The professional economists, unable to settle the argument between fiscal and monetary policy for medium-term economic management, and with no politically acceptable answer to inflation, had virtually thrown up their hands in despair and left the problem to the psychologists. The Government, with its hardly a whisper of back-bench dissent, but with obvious support from Mr. Powell and his friends, seemed to have adopted a posture of *Cobdenite laissez-faire*. Interventionism was out of favour; competition and rigorous exposure to the laws of classical economics were the panaceas which would cure the British disease.

The protagonists of the original battle between Government intervention and *laissez-faire* would not doubt be surprised at the reopening of a fight that seemed settled for all time; but they would also remember that there was a time, between the wars, when some Free Traders and some Tariff Reformers were united in a search for national efficiency through Government action. This was the period in which British industrial supremacy was being lost to the U.S. and Germany and the inefficiency of some British public institutions had been shockingly demonstrated, along with the appalling physical and intellectual condition of a large part of the population, by the early military defeats in the Boer War. The warnings that the National Efficiency group proclaimed, able and intelligently expressed, were not new. In particular, the

growing threat of German competition, and the reasons for it, had been foreshadowed by scientists such as Lyon Playfair, engineers like Scott Russell, economic historians like W. J. Ashley and journalists such as E. E. Williams, since the middle of the 19th-century; but, as so often in our history, their warnings went at first unheeded by those who saw only the present and failed to observe the trend. By the 20th-century, the writing was clearly on the wall, if a little obscured by the overwhelming international position of the City of London and the receipts from overseas investment.

The causes of Britain's relative industrial decline have never been fully agreed by economic historians but the pre-eminence of Germany and the U.S. in the new and growing industries, such as chemicals and electrical engineering, based on industrial research and much better educated industrial managers, engineers and workers, undoubtedly played a major part.

Many of the policies of the National Efficiency group, as of the Tariff Reformers, have been adopted; but it took until the 1960's for this country to have a complete system of education, including technical education and training, on anything like a level with its main competitors. The work of the Committee on the Machinery of Government, and of Balfour when Lord President of the Council, greatly enlarged the part which Government played in scientific and industrial research between the wars.

Since the last war, Government activity in all these fields has grown apace and the arrival in industry of the first generation of men and women who have been expected to have a stimulating



Haldane (left) in 1912 and A. J. Balfour in 1919: "greatly enlarged the part government played in scientific and industrial research between the wars."

effect on British competitive power.

Should Government therefore opt out, its work done? Unfortunately, there remain several structural faults in British industry which in the time available cannot be left to the free play of the market. Industrial

relations is certainly one; but perhaps more important is the fact that British industry is still weakest where it should be strongest, and vice versa.

A recent study carried out by some research workers employed by the National Economic Development Office indicates that

our trading performance during the last decade has been more favourable in those products in which world trade was growing most slowly, and least favourable in products in which it was rising fastest. Another NEDO study shows that, on present trends, the U.K. might in 1 year's time have a net deficit in trade in mechanical engineering products which must form a large part of the manufacturing output of advanced industrial countries, and which depend to their states as much on design and reliability as on price.

It would seem, therefore, that even if present policies were to produce advantages for the economy in the short term, the economy is not likely to have any fundamental effect on our long-term problem with its lachrymose history. Some economists may believe that a higher rate of capital investment will do the trick, and the Government is obviously relying on this to happen; but the problem becomes more acute as the industries which take the lead become more sophisticated and expensive to start and maintain.

The Americans support these industries by massive defence and space programmes. In Japan, the Government has directed their efforts towards the fast-growing products: the Germans are about to embark on an extensive Government-supported research and development effort; and the French have set up an institution on the lines of the Industrial Reorganisation Corporation, which was one of the first victims of the U.K. Government's "radical" policy.

In the light of these facts, it is not surprising that in Britain to reverse its interventionist policies, even if there has been time to judge its results?

English Tourist Board seeks end to drink hours curbs

FINANCIAL TIMES REPORTER

RESTRICTIONS on hours for the sale and service of alcoholic drinks should be abolished, according to the English Tourist Board.

Evidence indicated that "foremost and most obvious among the reasons designed to make the traveller more pleasurable would be the abolition of existing 'hours'." The Board says in a memorandum to the Commission of Inquiry into the Licensing Law (England and Wales).

Acknowledging the long hours worked by licensees, the Board recommends a maximum opening of 14 hours in any 24 and a minimum of five. The individual licensee should have discretion over his opening hours.

The Board emphasises that its advice is related strictly to the needs of tourists. "We have had special regard to the political, religious or socio-economic aspects licensing where these might counter to the interests of a tourist."

An exception is made, however,

in the possibility of alcoholic drinks being sold with meals at motorway service area restaurants. "We realise that there are strong feelings on this matter and we do not think in any event that the tourist interests should prevail in this instance."

The Board points out that it had no real evidence that prohibition on the sale of drinks in these areas was detrimental to tourist activities.

Standardised

If licensing regulations were to be standardised, the Board says, they should be standardised throughout the country. To help tourists, greater flexibility should be permitted in opening hours at resorts, railway and coach stations and airports.

Drinks should be available with meals at any time and, at the management's discretion, children should be allowed in parts of licensed premises ancillary to catering services.

The Board also recommends that the licensing procedure should be reviewed and simplified with consideration given to the transfer of responsibility to the local authority.

LICENCE FOR U.S. CENTRIFUGES TERMINATED

Thomas Broadbent and Sons, of Huddersfield, and Bird Machine Company, of South Walpole, Massachusetts, announce their termination of the licence under which the former has manufactured and sold the Bird continuous centrifuge line since 1961 under the name of Broadbent-Bird.

On quotations made after September 30, 1971, Broadbent will supply only its own make of centrifuges of this type under its own name in competition with the Bird centrifuges.

ULSTER STUDY OF STATE INDUSTRY FORMULA IN ITALY

By Our Own Correspondent

ROME, Aug. 1.

A four-man team of the Northern Ireland Economic Council has completed a tour of southern Italy to study the feasibility of the *Industria per la Ricostruzione Industriale* (IRI) formula of State-promoted and controlled industry for Northern Ireland. The party was led by Mr. J. T. O'Brien, chairman of the council's sub-committee looking at State industry.

The party visited several of IRI's main plants in the south, including the Taranto steel works and the Alfa Romeo car plant under construction at Pomigliano, near Naples.

Record total of design awards made by RIBA

BY ELSBETH GANGUIN

THE Royal Institute of British Architects has made a record 12 awards this year.

Entries for this annual scheme, which is now in its sixth year, added up to only 281, compared with 360 last year. But awards were won for new buildings in every region, except Scotland.

One went to the town hall and civic centre at Sunderland (architect Sir Basil Speece, Bonnington and Collins; builder John Laing). The Yorkshire Post building at Leeds was another (John Madin Design Group). Further winners were the regional headquarters for the National Westminster Bank in Manchester (Casson, Conder, Fram Russell Construction); and the Henley Road Housing Estate, Coventry (Terence Gregory, city architect and planning officer; Clark Bros. (Construction)).

School

Also honoured were Arkwright School, Ilchester (John Goff, county architect; R. C. Tamm (Builders)). The Combination Room, Downing College, Cambridge (Howell Killick Partridge and Amis; Coulson and Son); the Dorset Water Board's headquarters at Poole (Farmer and

Dark; Rawlings (Builders)) and Alexander Barracks, Pirbright (Architects' Co-Partnership; Rush and Tompkins).

Finally, awards went to St Antony's College, Oxford (Howell Killick Partridge and Amis; Norman Collinson (Construction)); the Czechoslovak Embassy in Kensington (Struck, Stepanski/Robert Matthew, Johnson-Marshall; G. E. Wallis); to Lydwycote Crematorium at Glanmynon (H. M. R. Burgess, Knox and Wells) and to Antrim county hall, Ballymena (Burman and Goodall; McLaughlin and Harvey). Private developer housing schemes were once again "conspicuous by their absence," as RIBA puts it. In the past six years, when a total of 62 awards were given, only one private scheme has been nominated.

The architects Howell Killick Partridge and Amis were the only firm to receive two awards this year, while Robert Matthew Johnson-Marshall and Partners received an award for the third successive year.

Three of the schemes nominated this year had originated from architectural competitions. The 22 previous awards were shared by 41 architectural practices and local authority architects.

Powell warning on Six entry

Mr. Enoch Powell warned at the week-end that the Government could not, "without indelible breach of honour, purport to accede to the Treaty of Rome" if the Opposition were against it. He reminded the Government of Mr. Heath's pre-election pledge that Common Market entry was conditional upon "the full-hearted consent of the British Parliament and people."

A House of Commons decision opposed by the official Opposition—and one over which the Government had only a narrow majority—could not by any stretch of the imagination be regarded as taken with "the full-hearted consent of Parliament." This could be given only by a House "overwhelmingly united."

Anyone who sought to pretend otherwise would deserve ill of the Conservative Party—because they would be seeking to equivocate away "the plain words and the

personal affirmation of its Leader." Mr. Powell was speaking at the Ross and Cromarty Conservative fête in Ardgay, Ross-shire. He had no intention of getting entangled in the argument as to how the consent of the people, as distinct from Parliament, might be ascertained.

Last resort

What was certain was that in the last resort, if the Government gave at all, must be given on behalf of the people by Parliament. For whatever procedures were gone through—even to and including a General Election, the last word, the legislative word, would still need to be spoken by Parliament and, in particular, by the Commons.

"What is beyond dispute," said Mr. Powell, "is that a decision of the House of Commons which was

opposed by the official Opposition, which was no small fraction of the House but one over which the Government possessed only a narrow majority, could not, any stretch of the imagination, be regarded as taken with 'the full-hearted consent of Parliament'."

"This would not be altered if individual members of the Opposition voted for the proposition, any more than if individual supporters of the Government voted against."

"The full-hearted consent of the House of Commons can be given only by a House of Commons overwhelmingly united," said Mr. Powell.

"The fact, and it is a fact, which can be recorded now, is that the Government could not, without indelible breach of honour, purport to accede to the Treaty of Rome, if Her Majesty's Opposition were against."

Mersey Docks Company in operation to-day

A break-even economic figure is in the region of 75.

Another problem, although outside the company's control, is the need to carry the Mersey into the second stage of the Devlin Plan on pay and productivity.

There have been certain behind-the-scenes moves in recent weeks between the port employers and the Transport and General Workers Union, but these are still in the exploratory stage.

Senior officials of the company have been heard, however, by two Government announcements last week concerning the future of the Mersey Docks and Harbour Company, which has a complex on which much of the hopes of the port are now pinned.

Mr. John Peyton, Minister for Transport Industries, reaffirmed that the harbour will continue to be a Government financial aid despite the ending of the Port Modernisation Grant Scheme. Government loans and grants have already furnished a major part of the money for the harbour, due to come into operation initially at the end of the year.

Second stage

Concern is expressed that the number of deep-sea freighters and bulk carriers using the docks fell as low as 53 last week, when

Stowing area

Mr. Peter Walker, Secretary of State for the Environment, has refused permission for housing development on land adjoining the harbour because it will almost certainly be required by the company.

Originally, it was earmarked as a stowing area for freight line containers. Approval has already been given for a grain terminal, silos and mills nearby and for the construction of a new approach road linking the harbour with the motorway system.

More Normandy Ferries sailings next summer

NORMANDY FERRIES will be offering up to 40 per cent more sailings between Southampton and Le Havre during the 1972 holiday season.

The service, operated by General Steam Navigation in association with Société Anonyme de Gèrante et d'Armement, of Paris, will provide 28 sailings a week from the beginning of 1972 to the end of the holiday season.

From October 13 this year, there will be two daily sailings in each direction except during part of November and December, when the vessels will be separately dry-docked and the service halved.

Jonas Woodhead

VEHICLE SUSPENSION SPECIALISTS

The following is a statement by Mr. Stanley Markland, OBE, C.Eng., F.I.Mech.E., M.S.A.E., Chairman of Jonas Woodhead & Sons Limited circulated with the report and accounts for the year ended 31st March, 1971.

Trading Results

I am more than pleased to be able to report that your Company made further progress last year both in regard to the volume and value of sales and profits earned. In spite of the year being marked by industrial disturbances on an unprecedented scale which in our business created violent fluctuations in customers' delivery requirements. Total sales increased by 26% to a record value of £20,800,000 and the year's profits also increased by 26% to £1,636,900. Profits as a percentage of sales were 7.8% which is slightly less than the previous year's figure.

After allowing for a full year's operation of the Tolwood Woodhead assets acquired, both sales and profits show a reasonably satisfactory growth. I hope the Shareholders and all who work in the Group will not be displeased with the results.

The year in retrospect

Home Companies I will not bore you by writing in detail the many difficulties we had to contend with during the year but, notwithstanding these, most of the Home Companies managed to expand their sales and profits. This was achieved by continuing our policy of rationalisation and modernisation of production facilities and we are persisting with this policy to the limit of our cash resources. Early in the year the minority shareholders of Tolwood Multifasteners Limited exercised their option to purchase our 60% holding. After lengthy negotiations we failed to agree a price for our shares and, in accordance with the Agreement we had with the Multifasteners Corporation, the matter was referred to a well-known firm of Chartered Accountants to decide a price which they considered fair to both parties. No profit from Tolwood Multifasteners appears in this year's Accounts.

Rationalisation of production made our premises in Union Street, Manchester surplus to requirements and these were sold during the year. Growth of the Group and the unsuitability of our existing headquarters offices in Kirkstall Road, Leeds have made an early move necessary. Suitable premises adjacent to the Kirkstall Road factory have been purchased and plans are now being prepared for the conversion of these premises into headquarters offices.

The business of J. R. Burton Limited of Leicester, a supplier of specialised small pressings to the shock absorber industry, was referred to us by the owners and was purchased for a consideration of 38,000 fully paid Ordinary Shares in Jonas Woodhead & Sons Limited. This transaction was carried out primarily to safeguard our supply position.

Associated Companies Amalgamated Springs & Suspensions (Pty) Limited of Johannesburg declared a final dividend of 8% for the year ending 30th June, 1970 and has since declared an interim dividend of 6% on account of the year ending 30th June, 1971. This business continues to make rapid progress and we are expecting the profits for the year which ends on 30th June, 1971 to show a significant improvement over the previous year. Jonas Woodhead & Sons (India) Limited reported

somewhat larger profits for the year ended 31st December, 1970 and declared a dividend of 10%. Springs Limited of Wexford, Eire experienced a very difficult year due mainly to the Government refusing for a long time to sanction a price increase which was necessary to offset greatly increased manufacturing costs. In the event the extent of the price increase granted does not fully cover increased costs. The dividend of 20% declared for the year ended 31st October, 1970 was slightly short-earned.

Exports

Direct exports for the year amounted to £2,234,600, an increase of 29% compared with the previous year. Our rate of growth of direct exports this year has slowed down and, if inflation at home continues at the present rate, we shall find it more difficult to improve our export performance. As a major supplier in the motor industry we contribute indirectly to their export performance.

Capital Expenditure and Liquidity

The rate at which we can improve and where a desirable expand our manufacturing resources is controlled by our available cash. The reduction in Corporation Tax has been helpful and is greatly appreciated. The proposed final dividend of 18% making 28% for the full year represents a very modest increase over last year's 26% which, if agreed, will permit us to retain £644,500 of the year's profits in the business. A close look at the Consolidated Balance Sheet will show that this retention has been largely absorbed by the increase in stocks and work in progress. A determined effort is in progress to reduce stocks, but the attendant risk has been accentuated by the violent and frequent changes in our customers' delivery requirements. We try by all means possible to give our people continuous employment and we cushion them against violent changes in delivery schedules by making for stock at times until we can change all our production lines.

Directors

Mr. J. A. C. Riggs resigned from the Board in October to take up an appointment with Tolwood Multifasteners Limited. Mr. R. A. Pinnington and Mr. Raymond Ramsden, full-time executives, were appointed to the Board during the year and both these gentlemen are giving excellent service in the Group in their respective spheres of activity and have added greatly to the strength of the Board.

Prospects for the Current Year

The year has opened with a strong demand from the motor car manufacturers but with a reduced demand from the heavy goods vehicle manufacturers which situation is, temporarily at any rate, on balance unfavourable to us. Taking a longer and broader view of prospects I would expect both our sales and profits to continue their upward trend, but probably at a reduced rate.

Appreciation

The continuing good results obtained this year are due in no small measure to the excellent team spirit throughout the Group and to the skill and enthusiasm of our executives, staff and workpeople. To them all we extend our sincere and hearty thanks.

Copies of the Report and Accounts are obtainable from The Secretary, Jonas Woodhead & Sons Limited, Kirkstall Road, Leeds, LS4 2AQ.

Year ended 31st March	1967	1968	1969	1970	1971
Profit before Tax	749,988	648,455	880,490	1,323,220	1,672,701
Taxation	315,000	282,500	404,000	590,800	630,300
Profit Retained	142,334	85,156	167,451	348,973	644,552
Total Issued Capital and Reserves	3,889,608	4,013,700	4,216,140	5,514,448	6,199,588
Issued Ordinary Shares Capital	1,153,130	1,153,130	1,153,130	1,532,818	1,542,318
Rates of Ordinary Dividend	23.0%	23.0%	25.0%	*26.0%	*28.0%

*On capital further increased on the acquisition of Tolwood Woodhead Springs Limited in November, 1969 and J. R. Burton Limited in December, 1970.

THE WOODHEAD GROUP OF COMPANIES

AULT & WIBORG GROUP

Manufacturers of:
Printing Inks, Printers' Rollers, Container Coatings,
Automobile and Industrial Finishes.

Salient points from the Statement by the Chairman, Mr. Alexander Crawford.

* The trading profits of the Group for the year to 31 March 1971 amounted to £1,090,775 compared with £1,031,380 for the previous year, and after taxation the net trading profit before charging extraordinary items was £502,395 against £438,165, an increase of approximately 15%.

* The Board recommended a final dividend for the year of 8%, making a total of 10%, the same as last year.

* Much effort has been made in the past few years towards the rationalisation and concentration of the efforts of the Group and we are now on an even sounder basis to take advantage of the hoped for upturn in the economy of the country. This policy is being continued in every sphere of our activities and falling unforeseen difficulties we are confident that your company will continue to improve.

LOBE & PHOENIX GOLD MINING CO.

The 78th annual general meeting of The Globe & Phoenix Gold Mining Company, Limited was held on July 30 in London, MR. S. BIRD, T.D., the Chairman, presiding.

The following is an extract from his circulated statement: Development—During the year ended 31st December 1970, development work amounted to 49 feet. Of this footage, 397 ft was on reef and 1,112 ft in country rock. No payable was encountered in any of this development, raise on the 6th level has passed about 1,000 tons of payable ore.

Shipping—The tonnage mined was 32,908 tons (1969—35,010 tons). The head value averaged 38 dwt per ton (1969—4,800 lb per ton) and the residue was 0.874 dwt per ton (1969—0.574 dwt per ton). Ore Reserve—At the year end, payable ore reserves were calculated at 8,000 tons in pillars averaging 22.50 dwt per ton over 40 inches. This ore is not signed as payable reserves as there is some doubt as to its ultimate extraction. There are no payable ore reserves.

Antimony—During the year there was a short lived but most income increase in the world antimony price and full advantage was taken of this by the company. Efforts were concentrated on antimony production and sales the value of £82,896 were obtained. Unfortunately the anti-

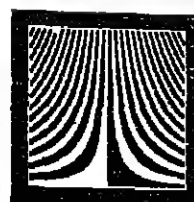
mony price has dropped sharply, and production of the metal has been suspended.

Que Que Farms—In 1971, the Company has purchased the Riverlea farm which consists of 4,555 acres. This farm adjoins our Que Que Farms and should provide a valuable extension for our farming operations.

Since last year 32 paddocks have been built and more are in the process of being built. This will make for better grazing, and enable the policy of increasing the beef herd to be better implemented. During the year the head of cattle was increased from 1,189 to 1,742. Based on expert advice given by the Rhodesian Government, it should be possible to increase the beef herd to 3,000.

Que Que Urban Property—Your Company owns valuable property in the best residential area in Que Que, which has so far not yet been fully developed. As there is an acute shortage of housing in Que Que, it has been decided to build a three storey block of flats on ground owned by the Company, and these flats should prove a valuable investment. Should this project prove as successful as is anticipated, it is intended to erect more blocks of flats.

General—I feel it right to point out that a drop in profits in 1972 must be anticipated, as it is unlikely that profitable sales of antimony can again be expected. The Company is actively seeking new mining ventures, and whilst it is too early for me to tell you of these, I can say that there may be interesting possibilities developing which arose during my visit to Rhodesia in April.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROSPECTING FOR OIL

Faster method of drilling

AFTER ten years of research and development Gulf Oil has devised a radically new way of drilling for oil which promises to be more effective than the method that has been used for the last fifty years.

It is called "abrasive jet" drilling and Gulf's latest tests have found it to be between four and twenty times faster than the conventional method depending on the depth of the hole and the type of ground being penetrated.

Much of the equipment used in Gulf's new system is similar to that found in the old. There is still a string of drilling pipe fed into the ground with the aid of a derrick and turned by a turntable at the surface. The difference lies in the bit itself.

Instead of grinding its way through the rock with a series of diamond-studded rollers, the Gulf bit cuts the rock away with jets of steel pellets travelling at 600 miles an hour and sprayed against the rock at the rate of two tons a minute. The steel is carried down in the flow of "drilling mud" that lubricates and cools the traditional bits and carries the

chips of rock back to the surface, only in the Gulf bit this drilling fluid is recycled together with the pellets—fed into the top of the drill pipe at 12,000 pounds per square inch.

The only physical contact which the bit makes with the rock is through a series of hardened shoulders which break off the thin flutes of rock left by the abrasive spray.

The bit has two major advantages. In the first place it allows a much greater amount of power to be fed into the actual work of cutting through the rock. Together with the compressors that are needed to pump the mud at sufficient pressure, Gulf reckons that it can put between 2,000 and 5,000 h.p. to work, which is up to 50 times the power that can usefully be fed into the old style turntable. It is this power factor that enables the new drill to cut much faster through the rock.

The second advantage is of great value when holes are being drilled to great depths—the natural gas search in West Texas is currently taking pipestrings five miles down. Because most

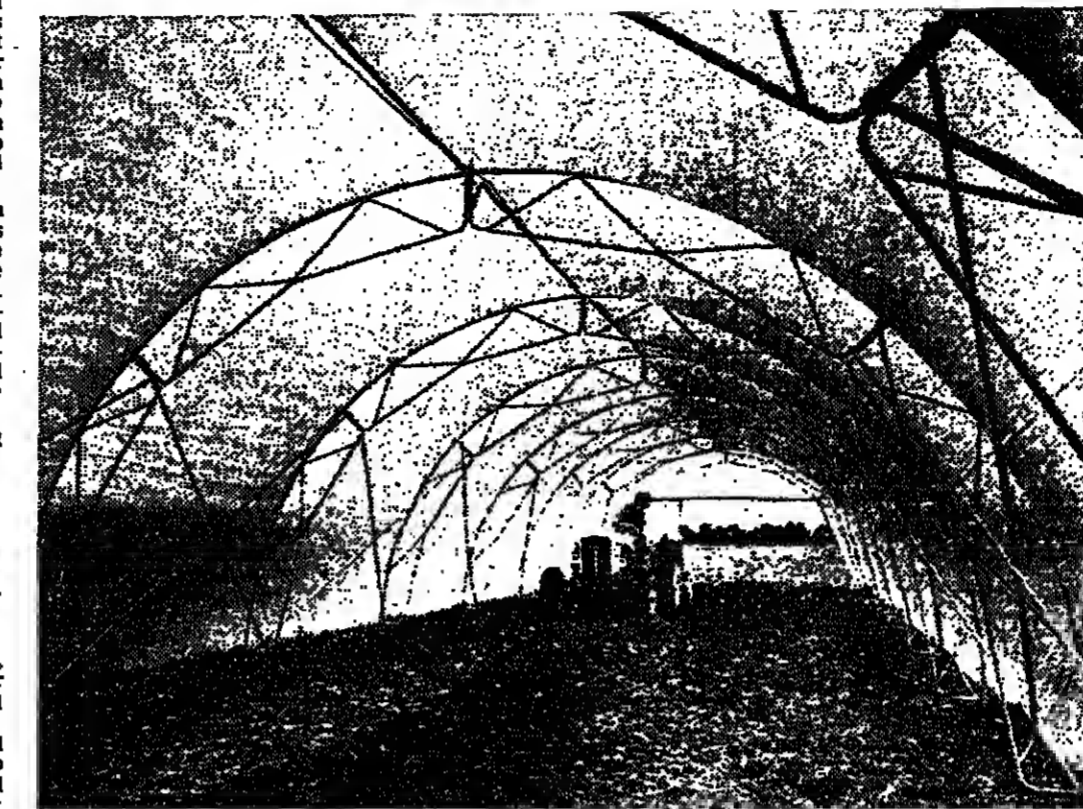
of the cutting is done by the spray of pellets, the nozzle-bit will last between three and seven times as long as one of the older types.

More important still, the bit can be replaced at the bottom of the hole without having to haul all the pipe up as is necessary at the moment. This is because the bit is smaller than the internal diameter of the drill pipe. Its jets cut a hole that is larger than the pipe but the bit can be persuaded to come up or go down inside it. So, when a bit gets worn, it is pulled up to the surface and replaced with a new one that is pumped into position on the front of a metal mud stream.

Gulf claims that it has beaten most of the important problems that must be inherent in such a system—it is happy with the pumping system for instance. The difficulties that remain concern the surface handling and separation of the abrasive mixture of drilling mud, steel, and rock chips that pours out of the bore-hole at the surface.

NICHOLAS COLCHESTER

A rotating concrete skip is being fitted to the Bison all-wheel drive 2-ton dumper by Rayfords of Bolton, Bolton, nr. Grantham, Lincs. The skip, which has a capacity of 26 cubic feet fluid and 30 cubic feet struck, can be slewed either by manual or hydraulic means through 180 degrees. Tipping is controlled by twin double acting hydraulic rams. The complete assembly is built on to a frame that bolts down to the main dumper chassis. It is removable, enabling the dumper to be also used with the standard hydraulically controlled skip.



The tractor and mechanical digger demonstrate the ease of working in this greenhouse manufactured by Polyweave, of Bacup, Lancs. The cladding is woven from polypropylene tape, with an ultraviolet inhibitor that gives

the material a working life of 2½ to 3 years. The rigid framework has been developed by Tube Products, a T1 Steel Tube Division company, which has produced a four-piece modular arch from steel tube.

WATER

Meeting the rising demand

WATER planning should be carried out on larger geographical areas than at present if the best use is to be made of our resources, according to Mr. Michael Kennard, of Rofe Kennard and Lapworth, consulting engineers, one of the members of Associated Consultants in Water Affairs.

In addition, said Mr. Kennard, sewage also needed to be considered on a larger scale. These two add pollution of water, must be considered as parts of a whole problem rather than as entirely separate problems. Only in this way, he considered, could adequate supplies be secured to meet the growing needs of industry.

Although he felt that a nationalised water undertaking would not be appropriate, he foresaw the day when there would be a national committee to co-ordinate activities and advise on the best solution for particular cases. Particularly in sewage, there is at present very wide variation in the approaches taken by the different

authorities. Since water demand will double by the end of the century this means, said Mr. Kennard, that all the reservoirs and works built during the past 150 years will have to be duplicated during the next 30. This will impose heavy strains on the resources available and we must be found to optimise the return in relation to expenditure.

For any particular reservoir site, for example, there is often very little gained by making the water capacity larger than a particular size. Thus over the next ten or 20 years it will be necessary to re-examine sites that would once have been rejected as unsuitable.

Founded in early 1970 under another name, ACWA is one of a small number of specialist associations that have been set up to offer an inter-disciplinary approach to all problems connected with water conservation, pollution control and waste disposal, among other things. Associates, apart from Rofe Kennard and Lapworth, are Sir

William Halcrow and Partners, Economic Associates, Urwick Orr and Partners, and D. Balfour and Sons.

Quite apart from scientific and engineering skills, such a group can offer economic analyses and assessments and management guidance on any project in the field.

These groups have been formed too recently for there to have been any general acceptance of their approach in the U.K., although a great deal of interest has been shown by both local and central government.

Overseas, however, many such projects have been placed for water schemes, especially in the developing countries where the problem is often one of supplying a complete conservation, distribution, sewerage and sewage treatment and waste disposal complex.

ANDY McLEOD

Service for water management

TWO companies, each well known in its own fields, are now co-operating to provide a complete service in flood and water control either for emergency or medium-term uses.

Irvio Great Britain, of Letchworth, Herts., is concerned with what it calls fabric engineering, embracing such activities as the design and manufacture of safety belts, parachutes and now portable and flexible water retaining structures.

The other partner in the venture is Robert Frillo Associates of Southampton, consulting engineers who have made flexible materials engineering one of their specialities. Between them, the two companies hope to have both the basic theoretical knowledge and the manufacturing capacity to serve a wide range of needs in the water control fields.

In particular, the partnership feels that it is particularly well placed to undertake flood control schemes because of the ease and speed with which the textile barriers can be put in position or removed to another location.

PROCESSES

Applies hot glue

INTRODUCTION of a low-cost hot melt adhesive application unit for high speed assembly operations has been announced by Spray Finishing Systems, of Hampden Park, Eastbourne, Sussex.

Called the Thermopulse model 1513 the system is intended for high speed production operations and may be utilised says the company, for virtually any assembly or joining operation.

The unit is completely self-contained. The item to be joined or fastened is placed directly under the integral spray nozzle and the hot melt adhesive is deposited upon receipt of a signal. The machine can be operated by a foot valve, or an externally-mounted solenoid valve can be set to operate the pump from a variety of signalling devices, including timers. The material flow stops instantly and without dripping.

It is also intended for semi-automatic operations, where it can be set up to straddle the conveyor or index table. The storage tank holds a gallon of hot melt in any form. A built-in pumping system ensures fast, positive flow of hot melts in varying viscosities, and there is a built-in temperature controller, readily adjustable to regulate temperatures up to 500°F.

PRINTING

Treatment of plastics products

BEFORE printing, plastics parts must be flame treated to give the surface needed for good adhesion and good appearance.

Ronde Screen Process, of Church Road, Egham, Surrey, well known for its printing equipment, has now announced a unit for flame treating large plastics

PRODUCTS

Pressure vessel closures

OPENING of access panels in high pressure vessels often entails a degree of risk if there is any means of ascertaining whether the pressure has been released.

Accidents caused by vessel doors being opened while still under pressure have resulted in several safety measures being introduced.

One such method has been developed by Swinney Brothers, of Morpeth, Northumberland. Closures with opening sizes ranging from 6 to 24 inches diameter, suitable for pressures up to 1,440 psi, are available.

By means of a single lever, three locking pieces secure a hinged door. To prevent opening without regard to internal pressure, a vent plug is interlocked with the operating lever.

This plug has to be unscrewed prior to opening and gives an audible alarm if pressure remains in the vessel. Typical applications for this type of quick-release closure are filter vessels and scraper traps.

Suspended matter removed

FILTER cartridges of synthetic wool, nylon and polypropylene are now being produced by Schumacher Filters, of 69/71 Wilkinson Street, Sheffield S10 2GJ.

These cylinders are wound on 30mm diameter cores of perforated steel and plastics and they are made in lengths of 190 mm and 250 mm. The elements may be used singly or assembled end to end to form longer elements of up to 1500 mm. They are available with outside diameters of 50, 60, 65 or 70 mm.

It is claimed these filter cartridges will remove suspended matter down to sub-micronic particle sizes from water, oils, lacquers, beer, wine and beverages. The degree of separation of the elements can be varied to suit individual requirements and elements are available with ratings of 1, 5, 10, 15 and 20 microns.

Polypropylene elements can also be used for special applications involving the filtration of corrosive liquids, acids and alkaline solutions and non-chlorinated solvents.

PRINTING

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INSTRUMENTS

Portable two-channel recorder

A PORTABLE Philips flatbed pen recorder intended primarily for applications where two inter-related phenomena have to be recorded against time is now being marketed by Pye Unicam of York Street, Cambridge.

Called the PMS010, it employs nylon pen systems that have easily replaceable pen tips to provide sharp, clear traces at all writing speeds. It also features a pen-lift system that can be either a push button or remotely controlled.

Five calibrated potentiometric ranges up to 50 mV full-scale are provided, or six ranges up to 5 V with a 100:1 attenuator in use. An accuracy of 0.25 per cent and reproducibility of 0.1 per cent, over the temperature range 0 to 40 deg. C is claimed. The instrument's electrical zero can be suppressed so that the whole chart width can be used to record a given parameter.

The PMS010 has a standard ten speed gearbox that permits front panel selection of chart speeds from 0.5 to 500 mm per minute in a 1:2:5 selection sequence.

Inexpensive radiation monitor

MOST personal radiation monitors for staff working in potentially hazardous areas suffer from the drawback that they are cumulative, and give no immediate indication of radiation levels.

A new, inexpensive monitor manufactured by Danfysik of Denmark, and now available in the U.K. through Wenzel Elektronik (U.K.), of Arndale House, The Precinct, Egham, Surrey, gives an immediate response when radiation is encountered.

It is sensitive to both gamma and hard beta radiation, and has an indicating range from one millirad to two rads per hour. Speed of response of the instrument is one second, and it emits an audible signal, at a level of 75 dB at a distance of a foot, if the person wearing it should enter an area where levels are above the preset value. Overall weight is 120 gm, and battery life is said to be 10 months in continuous use.

Detects ultra-violet

THE "Fracto-Scan," a Buchler dual beam ultraviolet monitor is now being marketed in the U.K. by Arnold R. Horwell of

COMMUNICATIONS

New banking network proposal

ABOUT 70 of the world's leading banks have agreed to fund a study of a computer network to provide facilities for international payment transfers. Logica has been awarded a four-year contract to carry out a project assessment and outline network design and expects to make its first report early next year.

The projected network will link banks in Europe and the U.S. and, says Logica, is probably the most ambitious commercial data communications system currently being planned. The object of the system is to provide a better service to the banks' customers, in view of the growth in international trade and the parallel growth in the volume of international payments.

Participating banks in the U.K. are Barclays, Lloyds, Midland (including Coutts), National Westminster, Williams and Glyn's, Clydesdale, Bank of Scotland and Royal Bank of Scotland. Major banks in nine different countries and 25 U.S. banks are also taking part. It is believed that the value of the contract will be over £50,000. Logica's research team will be led by Dr. Pat Coen.

Better radio to ships

THE POST OFFICE is spending £21m. in providing more equipment and facilities to improve its radio communication with British merchant ships.

New operating facilities have been provided at the control centre at the Post Office radio station at Burnham-on-Sea, Somerset, and extra transmitters have been installed at the transmitting stations at Dorchester and Portsmouth.

The developments follow the decision to close the Long-Range Area Communications Scheme on July 31, as a result of changes in Commonwealth communications systems.

From now on, British ships will communicate directly with Burnham from all parts of the world.

MATERIALS

Paint will last for many years

THREE times the life of conventional paints is the claim being made by ICI Paints Division for its latest metal coating material.

The paint, Fluorlux, is intended mainly for use on architectural cladding, curtain walling and roofing systems where the metal sheet is coated and formed before leaving the factory. It has exceptional durability and flexibility, and is capable of withstanding any forming operation likely to be needed in the production of cladding without cracking, says ICI.

According to ICI Fluorlux is a finish based on a polyvinylidene fluoride resin, Kynar 500, made by the Pennwalt Corporation of the U.S.A. This paint

can be applied at a film thickness of 20-25 microns on high speed coil coating equipment and can be applied by spray or roll-coated over a suitable primer.

Highly resistant to atmospheric and chemical attack, the paint has been subjected to accelerated weathering tests and results are said to indicate that it will perform satisfactorily for 20 years.

Low sludge phosphating compound

BI-METAL phosphating compound for spray coating steel and galvanised steel now available from Pennwalt Chemical produces a fine, uniform crystal line structure which serves as an excellent base for subsequent painting.

Called Pennbond 66, it gives coating weights ranging from 1 to 300 mcs per square foot depending on operating conditions.

A clear, green, odourless liquid, it is readily miscible with water at use concentrations and produces a bath with low sludging characteristics. The material is available in 70 kilograms drums. Pennwalt is at Dom Road, Camberley, Surrey.

Economic moulding

RE-USABLE material for production of moulds in polyester and other types casting resin has been developed by Vinatex, of New Lane, Haverhill, Hampshire.

Claimed to overcome many of the problems of using flexible mould systems, the material, called Vinamold 95 can also be used without release agents or waxing. The substance offers savings as it can be melted down and re-used.

Suitable for use with available polyester resins for production of detailed art form furniture fittings and decorative panelling, it can be used in large or small moulds for cast plastic materials or concrete.

Impregnated wood fibre veneer

TOUGHER and more flexible Lutron simulated wood veneer manufactured in Germany by Dr. Kurt Herberichs and Co. now available from K. Herberichs (U.K.), of Bowles Gardens, Wear Bay Road, Folstone, Kent, the British subsidiary.

Composed of resin-impregnated wood fibres, like the standard grade, the veneer pattern achieved by photo-reproduction of wood veneers transferred by photo-engraving. The new Lutron is more elastic than reconstituted veneers previously available. Unlike elastic pre-pressed material it does not stretch or shrink under thermal load, according to Herberichs.

Capable of being curved to radius of 2-5mm, the material is said to be three times as durable as Lutron 3D. It is available in plain colours, wood effects, abstract designs and can be glossed or flat.

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Chairman: Mr. R. A. SHUCK

"A YEAR OF REMARKABLE PROGRESS"

The following are the main points from the Chairman's Statement and the Accounts for the year ended 31st March, 1971—

The Accounts show record profits of £16,706 prior to taxation, an increase of some 30% over those of the previous year. These figures do not include any contribution from Cophall Holdings Limited or Edward Webb & Sons (Stourbridge) Limited.

The acquisitions of Cophall Holdings Ltd., Edward Webb & Sons (Stourbridge) Ltd., Europa Merchants Ltd., Cornwall Estates Ltd. and Baldeu Estates Ltd. are evidence of your Board's previously announced intention to enlarge the Group by a vigorous acquisition policy.

Acquisitions will continue both by the Property and the Trading Divisions.

The recruitment of first class management is a priority of your Directors and strengthening of the executive team continues.

Dividends totalling not less than 30% are forecast for the year ended 31st March, 1972 on anticipated profits prior to tax excluding those of Cophall Holdings Limited and Edward Webb & Sons (Stourbridge) Limited of not less than £350,000.

Shareholders can expect further growth in the Company's assets and earnings.

	1971	1970
Summary of Results	£	£
Profit before taxation	215,706	166,858
Taxation	82,805	75,364
Ordinary dividends	56,656	33,072

HALMA INVESTMENTS LTD.

COMPANY POISED FOR MAJOR EXPANSION

Salient points from the circulated statement of the Chairman, Mr. T. H. Tilling.

* The Company's main operating subsidiary, Fletcher Brock & Collis Engineering Ltd., again increased its pre-tax profits from £61,843 in 1969 to £78,809, an increase of 27%. The profits of the Group as a whole after all charges excepting taxation amounted to £54,233 (£36,316), an increase of 49%.

* As regards investments, the fall in income is the result of realisations for the purposes of inflating further funds into the Engineering subsidiary and for purchasing for redemption £25,450 of the 7% Unsecured Loan Stock. Share dealing operations resulted in a loss which was attributable to the difficult Stock Market conditions.

* A second interim dividend of 5% (in lieu of final) is recommended making a total of 12½% for the year (same).

* Following the recent successful rights issue, the Company's liquid resources have been increased by more than £100,000. Shareholders are also being asked to approve an increase in the Company's Capital from £350,000 to £1,000,000. It is the intention of the Board to embark on a policy of major expansion, for which the Company is now poised.

* Given a period of reasonable industrial stability I consider that the results of the Fletcher Brock Group for the current year will be at least equal to those for 1970. On the year have been far more favourable. I look forward therefore, with confidence, to the overall results for the year.

MIDLAND-YORKSHIRE TAR DISTILLERS LIMITED

Board's development policy continues.

HIGHLIGHTS FROM MR. STANLEY DIXON'S STATEMENT

- Year's results hit by high cost increases and expense of commissioning and developing new projects.
- Serious effect on UK chemical industry of continuing cost inflation.
- Bitumen expansion in Midlands proceeding according to plan with satisfactory order book for road binders.
- Benefits from first stage of para-cresol expansion.
- Two further works closures in rationalisation of tar business.
- Joint ventures did not come up to expectation.
- Heavy commissioning programme—approved capital projects at year and totalled £800,000.
- Dr. E. R. Wallgrove appointed Chairman following the retirement of Mr. Stanley Dixon. Mr. L. C. MacMahon appointed Vice-Chairman.

SUMMARY OF RESULTS FOR YEAR ENDED 31ST MARCH

	1971	1970
	£000's	£000's
Group Turnover	11,421	11,343
Exports	28%	20%
Profit before taxation:		
Group	783	1,071
Proportion of profits of associated joint venture companies	27	107
	810	1,178
Less Interest payable	183	187
	627	991
Profits after taxation	396	535
Net assets employed	10,239	10,075
Return on assets employed	7.9%	11.7%
Ordinary dividend:		
Interim paid	5.0p	5.0p
Final proposed	6.0p	7.5p
Dividend cover	1.8	1.9

Copies of the report and accounts available upon request from the Secretary, Oldbury, Warley, Worcestershire.

Building and Civil Engineering

£2m. housing award

NOTTINGHAM City Council has awarded a £2m. order with Drury Co. for the erection of 525 dwellings representing phase 1 of the Top Valley Farm development. The homes on this re-house project will be of traditional design, including 293 houses, two, three and four bedrooms, 15 bungalows, 210 flats and six maisonettes. The contract also includes six parking spaces and playgrounds. An integral part of the scheme is a community centre for old people which includes a warden's house. Work will also undertake landscaping, roads and sewers. The project is due for completion by 1973.

connected by lifts to all sales departments. Architects are Arthur Swift and Partners.

Taylor Woodrow is already carrying out contracts worth £8m. mainly for Capital and Counties and Nottingham Corporation, for the comprehensive development now well advanced on the 10-acre site.

Another City block for Trocoll

LEADENHALL HOUSE has been appointed Trollope and Colls main contractor for the redevelopment of Nos. 98-103, Leadenhall Street, London, E.C.3.

Worth £2.5m., the order involves the erection of an eight-storey office block, and the demolition of the existing Leadenhall House and the adjoining West India House.

Consisting of ground and seven upper floors together with a director's flat, the development will also contain two basements, the lower of which will be used for plant and parking space for 14 cars.

This building will be air-conditioned. Of reinforced concrete frame construction, with precast concrete panels and mullions faced with Norwegian granite, the structure should be ready within 117 weeks, including 22 weeks for demolition. Architects are Fitzroy Robinson and Partners.

Centre for Nottingham

IN Lewis Partnership is to a department store within Victoria Centre at Nottingham as a result of the placing of a £7.5m. contract with Taylor Woodrow by Capital and Counties Property Company. The new store, with three floors, including hairdressers and restaurant facilities, will be sited in Glasshouse Street, displaying windows and arcades from the centre's arcade areas. Work, which is about to begin, includes the installation of lifts, with storage confined to basement and lower basement areas. Goods will be stored and unloaded from ground service roads. The ground car park will be

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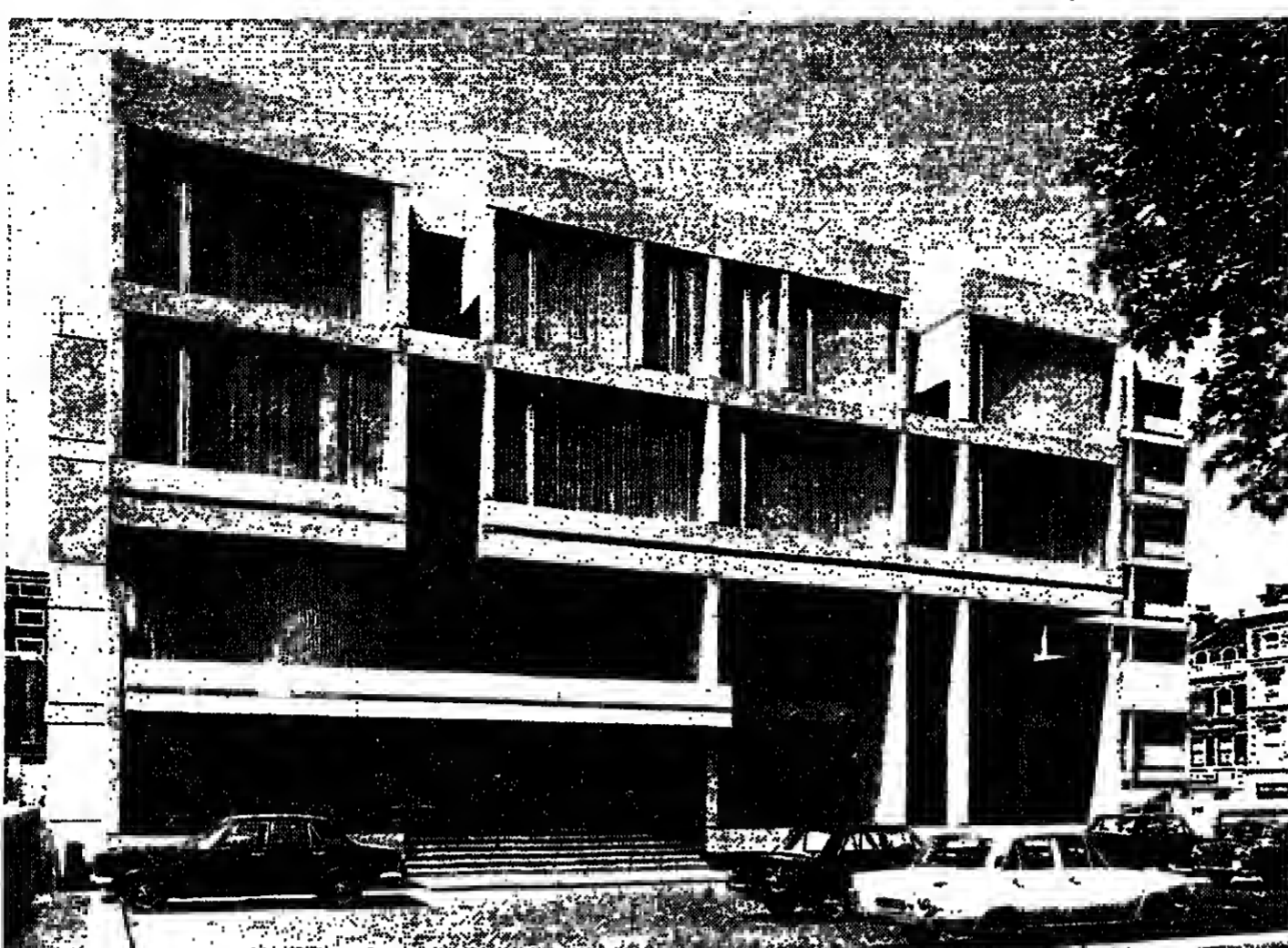
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The annual architecture awards made by the Royal Institute of British Architects this year include two buildings by the same firm of designers, Messrs. Howell Killick Partridge and Amis. They are the Combination Room, Downing College, Cambridge, erected by Coulson and Son, and St. Antony's College, Oxford, erected by Norman Collinson (Construction).

The London award, illustrated here, was made to the Czech Embassy building in Kensington and was designed by Sramek Rovan Stepansky in collaboration with Robert Matthew Johnson-Marshall and Partners; the builder was G. E. Wallis and Sons.

Awards in nine of the remaining 10 regions were made to the Sunderland Town Hall and Civic Centre by Sir Basil Spence-Bonington and Collins, built by John Laing Construction; Yorkshire Post building, Leeds, by the John Madin Design Group, also built by John Laing Construction; National Westminster Bank, Manchester, by Casson Conder and Partners, builder Fram Russell Construction; Kenley Road Housing Estate, Coventry,

by Terence Gregory, City Architect, builder Clark Brothers (Construction). Arkwright School, Rochester, Northants, by John Goff, County Architect, builder R. C. Taon (Builders); Headquarters Dorset Water Board, Poole, by Farmer and Dark, builder Rawlings (Builders); Alexander Barracks, Pirbright, by Architects Co-Partnership, builder Rush and Towpkins; Lwydded Grematorium, Glamorgan, by H. M. R. Burgess and Partners, builder Knox and Wells; Antrim County Hall, Ballymena, by Burman and Goodall, builder McLaughlin and Harvey. No award was made for the Scottish Region.

The total number of entries, 281, was considerably less than the previous year when there were 360 competitors. The RIBA points out that private developer housing schemes are notable by their absence and that in the last six years when a total of 62 awards have been given only one private developer scheme has been nominated.

H. A. N. BROCKMAN

Wimpey builds BMW depot

THREE jobs recently announced by George Wimpey and Co. cover work ranging from a motor car importer's distribution centre at Dover to asphaltting a couple of miles of partly filled in canal in Manchester.

For BMW Concessionaires (GB), Wimpey is to build at the Coombe Valley Industrial estate a depot to include around 18,000 square feet of workshops, 27,000 square feet of stores and 9,000 square feet of office space.

This work is being carried out by Wimpey to its capacity as the building and civil engineering member of the Industrial Development Group—a consortium of major organisations in construction and allied fields, whose combined resources provide a specialist integrated design and construction service.

The workshops and stores will be single-storey steel-framed structures with brick cladding. The office block will be a two-storey load-bearing brick block with concrete floors and light-weight roof.

Parking areas for 450 cars will

also be provided on terraces in the chalk cliff.

Another contract won by the company concerns an office block for Leicester, to be built under a £300,000 order placed by Star (Great Britain) Holdings. It will provide around 32,000 square feet of lettable office space on five floors.

Incorporating reinforced concrete bases, ground beams and frame, with brick facing, the building will be equipped with air-conditioning and other services as well as having external paved areas. Architects are Porte and Partners.

The Manchester canal scheme involves Wimpey in surfacing 2½ miles of the Rochdale canal once George Dew and Co. has completed filling it in. Manchester Corporation decided to make a linear park along two miles of the canal by filling it in to within a foot or so of the surrounding ground level.

Wimpey Asphalt is laying a 2½-inch thick skin of hydraulic asphalt under its £600 order. G. H. Hill (Manchester) are the consulting engineers.

Polytechnic hall of residence

MANCHESTER City Corporation has awarded a £734,000 contract to Fram Gerrard, for the erection of a hall of residence for students at the Manchester Polytechnic.

The scheme comprises an 11-storey structure with basement. The lower three floors of the building form a square podium which is surmounted by an 8-storey irregular shaped tower. Construction is generally of reinforced concrete frame with brickwork cladding.

Work on site has just started and is scheduled to be finished by August 1973. Fram Gerrard has also been awarded a £48,000 contract by the North Western Electricity Board for the erection of the 33kV Harshead (Heyrod) Substation, at Stalybridge, Cheshire.

The first phase includes the main and learners' pools, training and club rooms, a sauna suite, cafe, offices and changing rooms. Architects are Scott Brownriggs and Turner, quantity surveyors are Wilson and Partners, structural engineers Kennington Little and Partners, and services consultants John F. Hurley and Partners.

More homes in Aberdeen

THREE housing contracts awarded to Alexander Hall and Son (Builders), a member of Aberdeen Construction Group are together worth nearly £1m.

The largest (£317,993) is for a 10-storey block of flats and another of 36 flats on the Middlefield/Fowler Avenue redevelopment scheme in Aberdeen for the City Corporation.

Another Corporation of the City of Aberdeen contract is for a 10-storey block of flats at Great Northern Road (£183,945).

The third award is for 63 beds in 10 tenement blocks at Invergordon. This is worth £231,262.

Winchester sports centre

A SPORTS centre, due to be started at Winchester in October, is to be built either in two phases or as a single project, according to the availability of finance. The £500,000 contract for the first phase has been awarded to Hampshire Contractors, of Winchester. Sub-contractors for mechanical services and electrical services have been awarded respectively to Drake and Scull Engineering Company and Aish and Co. Completion is scheduled for 1973.

Steel for market

MORE than 8,000 tons of reinforcing steel has been ordered from GKN (South Wales) by Sir Robert McAlpine and Sons for its £19m. new Covent Garden Market at Nine Elms, London, contract.

Most of the order is to be supplied in GKN TorBar, the cold-worked, high-yield reinforcing bar recently launched on the market. Supplies are to be spread over a period of 2½ years.

Irvine factory

WORK has just been started on the first U.K. plant of Pfab International Inc. by Brims and Co. under its first building contract from Irvine Development Corporation.

All stages of design and construction of this 6,000 sq. metre development is being handled by the turnkey division of Brims, including some sections of process work. Phase 1 of this project is worth around £300,000.

Binnie to advise on Peru scheme

AN agreement has just been signed by the Peruvian Government appointing Binnie and Partners, of London, in association with Corpeal, a Peruvian firm of consulting engineers, as the Government's supervisory engineers for the design and construction of the \$55m. Chirapa Irrigation project near the Pacific coast in north Peru.

At the same time, a £30m. "turn-key" contract was signed between the Government and Energoprojekt, a Yugoslav firm of contractors and engineers, to finance and construct the first stage of the project.

The first-stage works include a dam, 44 metres high and seven kilometres in length, to form a storage reservoir on the Chira river, and a 54 kilometres long diversion canal to transfer water from the reservoir to the Piura river. The works also include rehabilitating main drains and constructing reclamation systems in 35,000 hectares of cultivated land at the lower end of the Piura river valley to be served by the diversion canal.

Later stages of the project will include remodelling and improving the irrigation canal system in the same area. Assured irrigation supplies to a further 80,000 hectares of cultivated land in the Chira and Piura valleys will be provided in addition to the benefits lower down the Piura valley.

Advance factories at Redditch

EIGHT advance factory units with a total value of £343,000 are to be built by Holland Haenen and Cubitts (Midland) for Redditch Development Corporation. The units, to be built in four blocks at Hemming Road, will be single-storey steel-framed structures, each with 2-storey office, storage and cloakroom sections, of precast concrete construction. Work has just started and the factories should be completed in October, 1972.

Vandalism on housing estates

A feature of the project will be the creation of a small landscaped pedestrian court to the south of the block, containing public seats surrounded by plants.

Of in situ concrete construction, with plate slab floors and brick external cladding, the building will contain open-plan offices and services will be contained in the basement.

Both buildings should be finished by the end of next year.

College addition

A management contract worth \$22m. has been awarded by the Sheridan College of Applied Arts and Technology of Oakville, Ontario, to Mitchell Construction Company (Canada) for Phase IIIA of the Applied Arts Building.

To be of single and 2-storey construction with a structural steel frame and enamelled wall panelling, the building should be started this month with completion due in September, 1972.

Gloucester exchange enlarged

A 4-storey extension is to be built on to the automatic telephone exchange at the corner of Longsmith and Berkeley Streets in Gloucester. John Laing Construction has won a £1.1m. contract from the Department of the Environment, on behalf of the Post Office. Work starts this month and should take 21 months to complete.

Designed by Gray Associates, the extension, with a basement service area, will sit on mired piled foundations. The building will have a reinforced concrete frame clad mainly with precast concrete aggregate-faced cladding panels and aluminium framed windows.

This building will be linked to the existing exchange by two covered bridges.

Sewerage scheme for Bacall

ST. IVES Rural District Council, Huntingdonshire, has awarded Kottler and Heron (the civil engineering division of Bacall Construction group) a £1.2m. contract for a sewerage scheme.

The job includes the provision of gravity sewers, pumping stations, pumping mains and a disposal works for the villages of Earith, Brintisham, Colne and Broughton. Howard Humphreys, the consulting engineers for the job, are also responsible for the company's current £750,000 soil drainage contract for St. Ives. Work is to start shortly on this latest contract, and is due to take two years to complete.

Ring road contract for Higgs

MANSFIELD inner ring road is to be started shortly under a £250,000 slab-in-place contract awarded to Higgs and Hill Civil Engineering.

The road will start at Leeming Street (A60) and, run south-eastwards under the Mansfield-Worksop railway line to cross Rock Valley on a new 17m wide skew-span concrete bridge. The road will then go through to the Bridge Street crossroads and on to the junction of Nottingham Road and Brant Street.

Construction work includes dual 7.3m carriageways, but the southbound carriageway will widen to 9.1m on its approach to the Bridge Street crossroads. Twin box culverts will take the River Maun under the new road at Rock Valley and the Festival Gardens. The job is due to take 21 months.

Vaccine production building

THE Wellcome Foundation has awarded a £448,000 order to Y. J. Lovell (Southern) for the erection of a vaccine production and development building at Pirbright, Surrey.

Scheduled for completion within 18 months, the 2-storey building will have reinforced concrete frame with coloured block external cladding.

Adding to the town centre

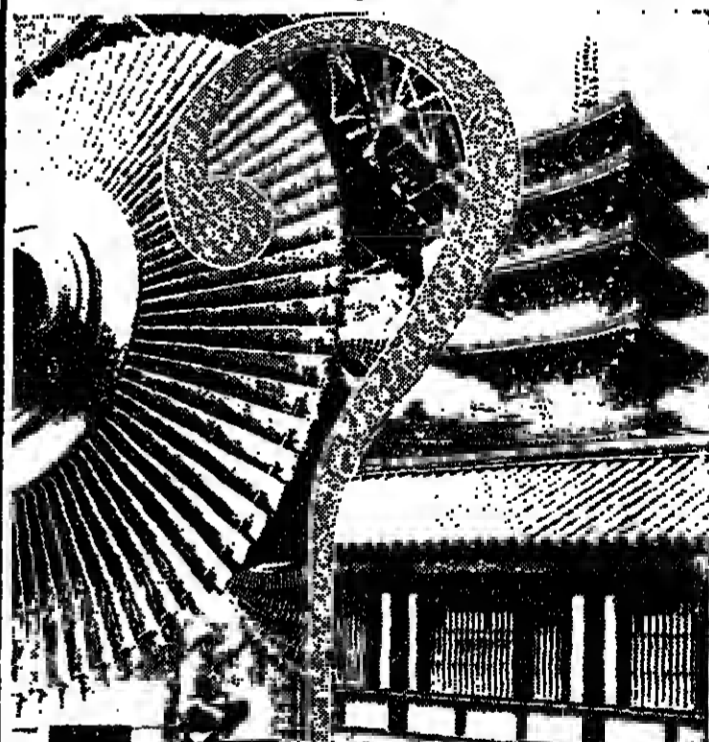
PLANNING approval has been given to the Nationwide Building Society for an administrative centre in Swindon.

It will be a four-storey structure designed to match the new civic hall, courts of justice and the complementary local government offices in the area of Princess Street, and Beekhampton Street.

To comply with the overall proposals for the Swindon master plan, Norman Royce Hurley and Stewart, the architects, have designed the development round an internal courtyard with a pedestrian freeway giving access to a multi-storey car park for 600 vehicles flanking the same site.

The building, for which tenders are being sought, is expected to be completed in late 1973.

What do you know



about JAPAN

Surely a little, maybe a lot. And whatever you have learned will be useful for getting a foothold in this dynamic economy. But to unravel the intricacies of Japanese business you will need the assistance of specialists. In fact, you will need FUJI BANK. Fuji's distinguished economists and experts have researched the problems you will be most likely to encounter, and have helped many foreign firms to set up flourishing businesses here. It's part of the comprehensive service offered by Japan's largest commercial bank. Even those already well-informed about Japan will find it very useful to consult Fuji.

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What to do about the \$

THE PROBLEM of the dollar has reached a stage which is all too familiar from experiences with sterling before November, 1967. The U.S. Administration is more adamant than ever that a dollar devaluation is out of the question. At the same time representatives of European Governments (and Britain is now part of Europe) are discussing it in terms of "When?" rather than "Whether?" and officials of international organisations are now urging a parity change. The U.S. payments deficit has been with us for over a decade and has grown worse rather than better. While previously the U.S. problem was that the trade surplus was not large enough to cover outgoings, the surplus itself has become a deficit; and this moreover has happened at a cyclically favourable time when the U.S. is still emerging from a recession and there is considerable spare capacity in her economy.

Complex operation

One way of avoiding a formal dollar devaluation would be for most of the other main currencies to revalue in a concerted move. This would be an extremely complex operation requiring the utmost secrecy, mutual confidence and careful preparation among America's trading partners. The problem arises from the difficulty of finding the exact counterpart of the U.S. deficit. Apart from the large Japanese surplus, the rest of the U.S. deficit is matched by numerous modest and fluctuating surpluses spread all over the world. None of these justifies an individual act of revaluation. For example France's fear of losing ground to her main European competitors is entirely legitimate. A major French revaluation would only be sensible if it were to be part of a concerted move in which, at a very minimum, her existing EEC partners and Japan were to join.

Tentative moves for such a realignment were cut short by the Mark crisis of last May. One cannot rule it out for the future, but there are immense difficulties in the way of it happening. It is after all much simpler for one currency to shift against dozens of others than for the others to concert a complex realignment. The U.S. can in fact devalue the dollar by making a small change in the gold-dollar parity. It is true that the "gold window" would

have to be shut while the legislation is going through Congress, but this is quite likely to happen in any case. A 10 or 15 per cent. devaluation of the dollar against gold is a very different operation from the general doubling or tripling of the official gold price which used to be widely advocated in the past. Since the Washington gold agreement of 1968 there is no reason why the one move should lead to the other.

Nevertheless, national pride being what it is, the Americans will try to postpone devaluation as long as possible. Their best chance of achieving this will be if the upward drift of U.S. interest rates continues, and there is a movement of short term funds back to the U.S. The fate of the dollar in the next few months may depend on the race between the erosion of confidence and the interest rate factor. But even if a precarious international equilibrium is restored by means of the capital account, the situation will be far from satisfactory. U.S. domestic industries hit by the current account deterioration will intensify their protectionist pressure, and the U.S. Administration is likely to resort to all sorts of doubtful expedients to save foreign exchange.

Import surcharge

There is a danger that European countries, including the U.K., will dissipate their energies in a losing battle against these trends. A device does exist, however, for protecting a country's current account, until a Government has made up its mind to devalue. This is the import surcharge. While far from ideal, it is less protectionist than quotas, specific tariffs, or "Buy American" official policies. Indeed the moderate extra burden which exporters in other countries will have to face will be no more than what they can, in any case, expect after a formal devaluation. After the future created by the U.K.'s use of this device, an OECD Working Party 3 report of 1966 recommended further examination of its merits and defects. Since then the use of variable "border tax" adjustments by EEC countries as a temporary substitute for exchange rate changes has made such devices more acceptable. A surcharge might yet be the least of the alternative evils for American trading partners until a formal parity change is made.

SYNTHETIC FIBRES

Why ICI decided to buy four big textile customers

BY JOHN TRAFFORD

THE news that Imperial Chemical Industries is bidding for Qualitex and the yarn texturing interests of Carrington Viyella serves as a reminder that companies, just as well as politicians, can be obliged to eat their words and change their policies. When the circumstances change, attitudes have to change with them, whatever may have been said in the past.

Ever since ICI made its abortive bid for Courtaulds in 1962, its policy—often repeated but treated with scepticism by the public—has been to encourage the efficiency of the British textile industry without taking any part of the industry over. The ICI view has been that it was no part of its job to buy up its own customers; instead it preferred to offer loans, take minority equity holdings, and where necessary lean on textile companies to rationalise their operations by mergers or other means.

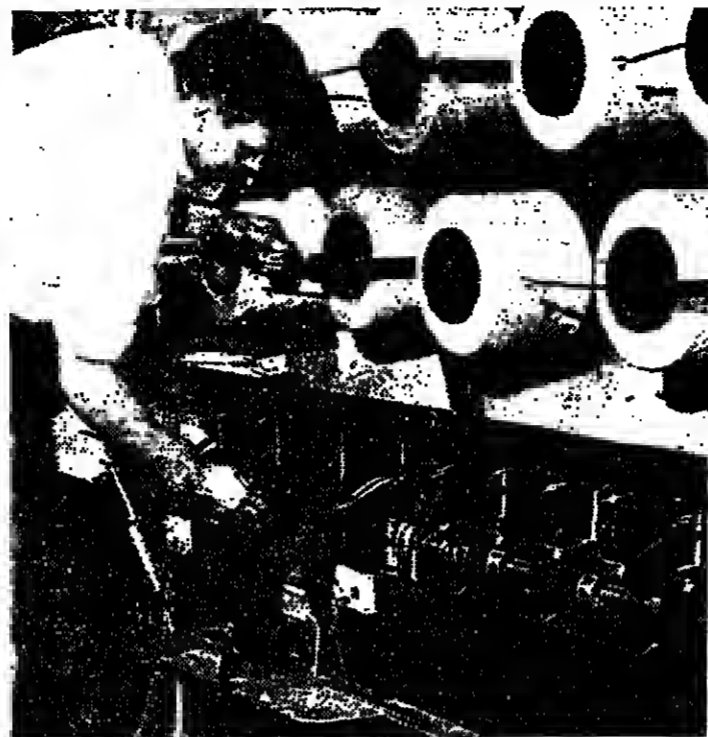
The policy has been in stark contrast to that pursued by Courtaulds since 1962. At that time it was primarily a viscose and acetate rayon fibre manufacturer. Under Lord Kearton's leadership it embarked on a radical policy of acquisition in the textile field. To-day it would be more accurate to describe the group as a textile company with captive fibre-making facilities, rather than the other way round.

Coming to the rescue

In retrospect the problems besetting the British textile industry proved so intractable that neither policy has really been successful. ICI found itself reluctantly springing to the rescue of the industry's tottering leaders. Last year it was obliged to solemnise a merger between the ailing Carrington and Dewhurst and Viyella International which resulted in ICI getting a 64 per cent. equity interest in the combined group. It has said it will not act as the majority shareholder and has only nominated one Board member; it has also undertaken to reduce its holding below 50 per cent. as soon as practicable.

ICI also became deeply involved in the affairs of Klinger Manufacturing (in which it had an 18 per cent. interest) and acted as marriage broker when the Klinger textile interests were merged with Qualitex at the end of 1969. As a result, ICI ended up with a 10 per cent. equity stake in the combined group.

Courtaulds' policy has resulted in its group sales rising almost fourfold since 1962. But pre-tax profits have been much more sluggish and have improved scarcely more than 2½



Left: nylon yarn is inspected at ICI Fibres Gloucestershire factory. Centre: Mr. Ian Leonardo, chairman, Carrington Viyella. Right: Mr. R. Haslam, chairman, ICI Fibres.

Despite the fact that the textile industry remains ICI's largest customer in the U.K., the Courtaulds' experience of deeper involvement can have served only to confirm ICI's conviction that it should stay out of textiles. At first sight, its present intention to take over Qualitex seems to run counter to this. But the decision could arguably be described not as a greater involvement in the textile industry but as the claiming of something which logically should belong to a synthetic fibre manufacturer.

The assets which ICI has now set out to acquire all involve the process of "texturing" nylon and polyester synthetic filament yarns. Texturing, bulking or—to give it its oldest name from the days of silk—"throwing" involves processing a shiny, "flat" untreated yarn so that its physical structure is altered and it becomes bulkier and more stretchy. The resulting yarns are very widely used in men's casual wear and women's dresses, and in certain applications such as stockings and tights, no other kind of yarn is suitable.

The process is one that can be done either at the plant where the synthetic yarns are made or quite independently by companies which buy in the "flat" yarn and sell the textured yarn within their own group or on the open market. Every synthetic fibre maker in the world has been reporting on the depressed conditions of trade, in particular the devastating effect of falling selling prices caused by productive overcapacity. Not surprisingly, they are all looking closely at ways of improving their mar-

kets. Cutting operating costs through staff reductions, mothballing unwanted capacity, invoking higher prices in the hope they will "stick" and developing more expensive specialty fibres are all lines that are being pursued.

Another possible approach is to incorporate the texturing process. This offers the prospect of raising the added value of the flat yarn. If done on a sufficiently large scale, the economic attractions to a fibre maker are strong.

To a greater or lesser extent, the major fibre producers have become involved in this field of "producer texturing". In the U.S., for instance, ICI's associate, Fibre Industries, has already undertaken a massive programme of investment; now its parent company is following suit on a big scale by acquisition. For the past two years ICI has been doing some texturing itself at its Pontypool works making a textured nylon under the brand name Tondelle. However, the lion's share of ICI's nylon yarn is textured by independent or at least semi-independent companies.

Of the other fibre makers in the U.K., Courtaulds make a textured nylon under the name Sbareen, and British Enkalon, through its subsidiary, Teesdale Textiles, makes textured polyesters under the names Diolen Loft (for women's wear) and Diolen M (for men's). Until now the emphasis in producer texturing has been primarily on nylon rather than polyester yarns. Courtaulds, in preparation for the day when its own polyester Lirale would be produced, has been texturing polyester yarns supplied by the

other big fibre makers for some years.

Most of the polyester texturing done in this country has been carried out until now by the so-called "Crimplene Club," an association of texturisers which originally bought their polyester yarn exclusively from ICI and sold the textured yarn under the Crimplene label. In its heyday the club was a great success and held by many to be a living proof that ICI arm's length policy towards the textile industry was benefiting all concerned.

The club became a rather less happy place when other fibre manufacturers, notably the West German Hoechst, entered the U.K. market when the basic patents held by ICI lapsed. Further trouble arose when Klinger Manufacturing (which was not a Crimplene licensee) was merged with Qualitex, which was. The combined company continued to buy both ICI's polyester and competitive yarns, a policy which not unnaturally annoyed the other members of the Crimplene Club who were debarred from doing likewise by the agreement with ICI.

Now, ICI will in effect become, through the proposed acquisitions, much the largest member of its own Crimplene Club. The two Carrington Viyella subsidiaries, William Tatton and Aycliffe Textiles, between them account for 40-45 per cent. of all the Crimplene made in the U.K. Qualitex is less important in this field but, when added to the others, should push ICI group Crimplene output over the 50 per cent. mark. Since Crimplene accounts for about 70 per cent. of the textured poly-

ester sold in this country, ICI's direct involvement will be very great.

In nylon texturing, Qualitex is a rather more important operator than the two Carrington Viyella companies. However, since the nylon market has been rather soggy, Qualitex has, under the direction of its 31-year-old managing director Mr. Michael Likiernan, been switching from nylon to polyester texturing.

Continental stake

Taking the polyester and nylon interests together, ICI estimates that its new group of yarn processors will account for about 35 per cent. of total U.K. production of the two kinds of textured yarns.

The yarn processing plant which it will acquire, if the deal goes through, are scattered all over the U.K., from Ballymena, County Antrim, to Margate. It seems highly probable that, before the year is out, ICI will have grouped all the operations under one management. This in turn will facilitate co-ordination of production, allowing longer production runs, greater specialisation and, hopefully, considerable savings in operating costs.

Although this is the main involvement in the U.K., ICI will also gain control of three Qualitex yarn processing subsidiaries abroad: in West Germany, the Netherlands, and Malta. Added to the loss-making German yarn processing company which ICI Europa took over from Carrington Viyella some months ago, ICI will gain

a substantial stake in Continental yarn texturing. Over the world as a whole no other synthetic fibre producer will be able to claim as large a stake.

It might be thought that the other members of ICI's Crimplene Club would be viewing the latest moves with some apprehension. Initial reaction, however, appears rather the reverse. With such a large proportion of textured yarns tied to a single supplier whose determination to obtain more orderly marketing and better prices cannot be doubted, it is being said by other texturisers stand to benefit.

None of these other Crimplene Club members is large by the standards of Carrington Viyella and many of them belong to one of the large textile groups which makes the proof against any likelihood of a bid from ICI.

"Want to stay friends"

Mr. Kenneth Cardener, ICI Fibres deputy chairman, says that there is room for small texturisers alongside the new ICI grouping. He points out that they have the strength of being closely integrated with knitting operations carried out within their own groups. "I want to stay good friends with our customers," he adds.

The policy now being adopted by ICI finally puts it unequivocally in the same camp as Courtaulds and British Enkalon the subsidiary of the Dab Alko fibres and chemicals group. All three are showing a clear leaning towards doing a substantial volume of yarn processing themselves. The is a belief that this is how to be the trend in the fib making industry right across the world.

In the opposite camp can found Hoechst and Monsanto producers respectively polyester and nylon in the U.I. and Du Pont, an act. importer. None process yarn themselves in this country. Hoechst adamantly eschews yarn texturing anywhere the world.

Apart from production economies, the next phase it can be expected from ICI to concern the processing of yarn on a large scale at the sites where the synthetic fibre is made. Plans are now going ahead for the company to do and texture polyester yarns at Pontypool and Killo. Northern Ireland, using advanced manufacturing processes. As these plans gain momentum, the integration fibre making and yarn processing will become more and more deeply—and probably irrevocably—entrenched. The interplay in seeing whether the other big fibre companies will eventually be forced to follow a

President Yahya's warning

PRESIDENT YAHYA KHAN'S reference, in a speech on Saturday, to the risk of total war between India and Pakistan is one more sign that things are getting steadily worse on the frontier between East Pakistan and the Indian province of West Bengal. There has been intermittent firing over the border since shortly after Pakistan launched its repressive campaign against the East Bengali population at the end of March. To decide who initiates any given incident or who is chiefly to blame for the frontier tension generally has never been possible. But certain facts about the border situation and about the positions of the contestants can be distinguished from the confusion, and they are extremely disturbing.

Sanctuary area

The first point is that Pakistan is not the only country which is talking of war. There has been much discussion in India since soon after Pakistani refugees began pouring over its border of a "short sharp" campaign which would "liberate" East Pakistan or, less ambitiously, establish a "sanctuary area" to which refugees could return. India is already providing sanctuary—and, according to Pakistan very much more than that—to the Mukti Foj freedom fighters who have been disrupting communications and blowing up power stations in East Pakistan. It will have to decide between escalating its support for the Mukti Foj to a significant material level or allowing the movement to die away as soon as the freedom fighters run out of the fuel and ammunition captured from the Pakistan army during the mutiny of Bengali troops at the end of March.

The Pakistan view of war in the Subcontinent is probably

less sanguine than the Indian one, given the relative weakness of Pakistan's armed forces. But there are signs that part of the Pakistan Army would prefer a conventional struggle with India to the demoralising and (as some Pakistan officers now see it) ultimately hopeless task of putting down resistance in the East. Pakistan knows, or thinks it knows, that it would be supported in some way by China if war actually broke out. What the rest of the world sees only too clearly is that such a war might involve not only China but the Soviet Union and perhaps even the United States, too.

Direct mediation

Since the Indo-Pakistan conflict contains the seeds of a still more serious crisis it can be argued that the major powers should act at once to defuse it. The difficulty is to decide just what sort of action they should take. To take the dispute to the United Nations would be futile (besides having the effect of excluding China). Nor is there much scope to-day for direct mediation by a single Government on the model of the Soviet Union's 1966 initiative in Tashkent.

What remains is for the three major powers to attempt to arrive at an agreed position towards India and Pakistan on the basis of which effective sanctions (including the suspension of aid and arms shipments) could be put into force. The prospects for such an agreement may be slim given the traditional struggle for influence on the Subcontinent between Washington, Moscow and Peking. But the dangers of the crisis are great enough for Pakistan to be given at least the priority which has been accorded in the past to Vietnam and the Middle East.

MEN AND MATTERS

Sardanis links with Joseph for a third career

Two months ago, when Mr. Andrew Sardanis, the former economic overlord of Zambia, resigned from Lonrho and returned from London to Lusaka, he did not sever his links with the City. His new company, Sardanis Associates, is incorporated in the U.K. with a capital of £4m. It has already done its first deal in Zambia, and backing for the new venture comes from the ubiquitous Mr. Maxwell Joseph's merchant bank, Robert Fraser. The link between the two was the previous working experience in Africa of some Fraser directors, and the bank has taken a 30 per cent. stake in Sardanis Associates.

For Sardanis, this is the beginning, after a false start with Lonrho, of a third career. A Cypriot, he went to Zambia as a young man in 1950 and built up a business of country stores and garages. Then, having been a friend and supporter of President Kaunda from before Independence, he became permanent secretary at the Ministry of State Participation, in charge of the nationalisation and development of Zambia's industry and mining.

Despite the difficulties of the job itself, and of holding it as a non-black Zambian, Sardanis's reputation both in Africa and the West was formidable. But his resignation at the end of last year, saying he had "started young and had done the job long enough" was probably less of a surprise than his decision afterwards to join Lonrho. However, his job with the company, as joint m.d. of the African Industrial and Finance Corporation, the subsidiary looking after Lonrho interests

in black Africa, did not work out and after four months Sardanis resigned. Now (and he is still only about 40 years old), Robert Fraser's says the plans for Sardanis Associates are in two fields—high level consultancy and acquisitions.

The first deal is already completed, the buying of a 61 per cent. stake in Wilfred Watson, a £3.5m. company whose principal business is as Zambian distributor of Caterpillar tractors. In one sense—the channelling of Western capital into private sector business in black Africa—the aims of Sardanis Associates seem ironically similar to Lonrho's. Robert Fraser's talks of several other companies Sardanis is looking at with the aim of putting them together into a "logically integrated whole."

Muffled

In spite of a lack of Rolls-Royces in the car park, there was plenty of evidence at the week-end Game Fair at Stowe School, Buckingham, that Britain's gentry is as affluent or extravagant as ever. This grand annual exhibition of sporting paraphernalia attracted so many that it exhausted programme sales and overflowed with charabancs of inquisitive Londoners, despite lacking game birds, hawks and falcons because of the foul-pest outbreak. This epidemic seems to have destroyed vast numbers of pheasant, both specially bred and wild, and makes the prospects for this winter's shooting gloomy.

The Scots gamekeepers were the only happy ones. Even one of the more pessimistic said grouse prospects might be "spectacular."

Elsewhere among the Palladian garden impedimenta there were demonstrations of how to retrieve game having successfully shot it. Spaniels

bobbed, jumped and gathered scented rubber shoes which simulated dead game in the reeds, rushes and long grass of the park. Fisherman could also be given lessons and nimble-wristed old men drew line and fly an unmentionable number of yards to within an inch of the target. One cast across the lake four rods at once. Other teams of quick-eyed gentlemen shot up to half a dozen clay pigeons per mechanical fling and had to wear earmuffs for fear of damaging their drums. That is really the moment sport (or conservation as it was called at Stowe) becomes sophisticated.

Rum story

"The chiefs fudding they make in the island (Barbados) is Rumbullion, alias Kill Devil, and this is made of sugar cane distilled, n hott, hellish and terrible liquor." So wrote a Mr. M. D. Davis about 1851. The same fudding, white rum, produced with rather more sophistication, has just become the centre of a pretty warm marketing battle between Courage, with its own Dry Cane brand, and Bass Charrington which sells Bacardi here. Last week Courage announced it would spend £1m. over the next five years in an attempt to capture a quarter of the British white rum market.

Bass Charrington would not, in principle, be too bothered by this. Bacardi, probably the third (after Seagram and Johnnie Walker) biggest-selling branded spirit in the world, has found so far that where a rival enters the market, total white rum sales expand enough to maintain Bacardi's growth. But in the British case Mr. Roger Holloway, the Bass Charrington Vintners marketing director, says that

"While we wouldn't want to make a fuss, Dry Cane goes beyond normal competition. Courage has re-branded Dry Cane's packaging and Holloway now notices strange similarities with Bacardi—in the shape of bottle, its pale green colour and the closure. Then there are medallions on the label, just like Bacardi. And Courage, like Bass Charrington, have placed their faith in numerous bikinis and their occupants for the advertising campaign."

At Charles Kinloch, Courage's wine and spirit subsidiary, marketing manager Mr. David Gordon-Smith admits that "It's fairly obvious the packaging of Dry Cane is not too dissimilar to Bacardi." But the name is, after all, there in bold capitals on the label. More seriously, there is the question of whether Bacardi, by its success, has become a generic word, standing like Hoover or Thermos in many people's mind for the product itself. Gordon-Smith says there is "very little we can do about this."

He would, of course, hate to think that a Courage landlord, if asked for a Bacardi, would not first explain that Dry Cane was a different, if similar, product.

Hectic dealing

What with the heat and the mass of bids flying about, I am inclined to believe this conversation reported from the Stock Exchange on Friday. Broker to jobber: What are you calling XYZ? Jobber: 121-2. Broker: That is above the price of the bid. Think a counter offer is coming? Jobber: It is feasible. Broker: Feasible? Who deals in them?

Observer

International Sporting Club Gaming Act 1968

Please take notice that on the 11th day of May, 1971 the Gaming Licensing Committee for the Petty sessions area of South Westminster in the County of London granted a Gaming Licence other than Bingo, pursuant to a Certificate of Consent issued by the Gaming Board, in respect of the premises situated at Lansdowne House, Berkeley Square, London W.1. to enable the premises to be used as a Casino by the International Sporting Club.



For membership please apply to the Secretary, International Sporting Club, Berkeley Square, London W1 or telephone 01-629 1657

DATED THIS 28TH DAY OF JULY 1971. L. TOBIAS DIRECTOR

A CURZON GROUP CLUB

Investment Services

Financial Times Survey

Wide range of expertise for pros and amateurs

By SANDY McLACHLAN

The age of the small private portfolio is passing, to be replaced by the age of the professional. This is not to say, let me hasten to add, that the intelligent amateur investor can no longer come out ahead of the field by astute judgment and a close eye on the market. But increasingly the odds are becoming stacked against him: less people want his business as rising costs make him an increasingly uneconomic proposition, and as the speed of information dispersal and appraisal increases among the professionals, it becomes increasingly difficult for the amateur to stay in the race.

Over the last few years there has been a bewildering proliferation of services available to the stock market investor, most of them geared to cater for the professional investor. Traditional investment aids live on: it is hard to imagine the famous statistical card services of Eitel and Moodies ever being entirely replaced, and inconceivable that the real basis for a lot of investment decisions would ever be anything but the personal contact, the continuing circular flow of information by word of mouth which goes to make the consensus of opinion that in the final event is the market. However, the professional investor, and particularly the long-term investor, such as the pension fund, can afford a more clinical and analytical approach, and the tide rule has been supplemented to an almost unbelievable degree by the computer.

The field of investment services is a wide one. It takes in the stock market itself, the unit trust movement, the discretionary portfolio managers, the banks, the chartered, statisticians, and investment advisory services. The rapid changes which are taking place have an effect not only in the

manner and pattern of investment, but also on the institutions, such as the stock exchange firms, involved.

For most of its history stock broking has been a labour intensive industry. Quite apart from the dealing side, there is an enormous back-up administrative operation required. In rough and ready terms the size of the staff in the past has been a direct function of the amount of business, and small firms had an almost equal chance with the large.

Changing face

This is no longer true is recognised by the steadily diminishing number of member firms by amalgamation into larger units. Partly this represents the pressure of universal overheads such as the cost of accommodation and the like, but to a greater degree probably it represents the changing face of the business, involving a greater emphasis on capital outlay.

Although there is still a surprising number of lucrative private clients around the emphasis has moved of necessity towards attracting institutional business. Over the years the larger brokers particularly have built up increasingly sophisticated research facilities, as have many of the jobbers.

A big research staff is an overhead which requires quite a chunk of business to make it pay off. And at the same time the computer is thrusting its way in on two separate fronts: on the one hand there is the mechanisation of much of the administrative operation, and on the other there is the harnessing of the analyst and the computer in tandem. Once programmed the computer can allow the analyst a very fast calculation rate and can also give him a previously undreamt of information retrieval facility.

But the keynote to exploiting these developments fully is size: size of firm, size of computer, and particularly, size of client. Many brokers will still deal with Mr. "Man-in-the-Street" in his 500 shares, but who can blame them if most of their energies are devoted to cultivating the 50,000 shares-a-time institutional business.

The results of these trends can be easily illustrated. On the one hand there is Hoare and Co. Govett prepared to offer its best clients direct access to its computer with their own terminals. On the other hand, the number of brokers willing to go on the stock exchange list, sent to inquiring members of the public, is shrinking.

Even the professional portfolio managers and merchant banks are being forced to raise their already substantial minimum investment sizes, and even now many of them feel that the rates charged are too low. They would prefer to raise their scale of charges and to provide a more complete financial service than simply managing a client's investment portfolio.

But the specialist portfolio managers, although managing vast sums of money on behalf of institutional and private clients, the level at which they pitch their minimum investment means a relatively small catchment area in terms of numbers of clients.

The vast majority of the investing public therefore is restricted to a few avenues of stock market investment. The small investor may be lucky and find a stockbroker who will deal for him—and he will find this easier if he lives outside London and deals through a provincial broker on one of the provincial exchanges. In London brokers may be more willing to take relatively small portfolios if they

are turned over frequently enough. However the small man cannot reasonably expect the discretionary services offered to big investors.

Leaving aside this avenue for the moment, the small investor is left with his bank manager, or a unit trust. The banks are still able to do small business because other parts of a clearing bank's operations generates much larger sized deals which are lucrative to the broker. Attempts by some brokers to cut off the small dealing from the banks will probably lead them to losing the business at the top end of the range. There are enough brokers who are prepared to accept the banks' business on this sort of swings-and-roundabouts business.

Successful method

This leaves the unit trust movement, which has so far proved the only successful method of spreading the benefits (or otherwise) of stock market investment to the £100 a time man, giving him the full benefit of a professional investment management. But even here it is possible for the slightly larger investor to get more favourable terms from trusts which confine themselves to a smaller number of bigger investors and are therefore able to pass on to the customer the administrative saving involved.

What is now happening therefore is a rapidly changing investment scene engineered by technological and economic factors, and also by social changes. The economic factors militate against the small investor, while application of technological innovation to investment research gives the professional a greater edge since he will have access to the information so produced, and both the time and the ability to study it.

Meanwhile social changes inexorably alter the balance of investment funds in favour of the professional investor. The tax structure and death duties combine to chip away at private fortunes, and meanwhile there is a steady growth in the amount of funds in institutional hands. This trend is unlikely to be reversed, and it is easy to see the growing importance of pension funds in the future, as pension benefits at all levels of employment are gradually improved.

It would be wrong to give the impression that the small investor must vanish overnight. Certainly the small man is far better catered for in terms of personal service in this country than he would be in the U.S., where the whole process of professionalisation has gone a lot further. But there an encouraging development has been the retail broking operation run by Merrill Lynch Pierce Fenner and Smith, the largest stockbroking firm in the world. Merrill Lynch has proved it is possible to make money on a mass of small operations.

For the institutional investor, coming through a growing mass of increasingly sophisticated investment information, the interesting question is just how much difference it will make to his investment performance in the final outcome.

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Spreading role of the merchant banks

By MICHAEL BLANDEN

Investment management is one of the growing areas of merchant banking activity. One bank, Robert Fleming, has made its reputation particularly in this type of business, and handles funds far bigger than any of its competitors. Yet, as the big merchant banks, and most of the smaller ones, have substantial investment advisory departments, some of them dealing with hundreds of millions of pounds of funds. Many of them are actively trying to build up this aspect of their operations, and it seems certain that a growing number of people around the country will be seeking the benefits to be gained from professional management of their investments.

These expert services are not, of course, generally speaking directly available to the small man. The banks set a minimum size of the funds they are prepared to take on, and the minimum limit has been tending to rise recently as the cost of the service provided has increased.

The banks usually take a fairly flexible attitude where circumstances (for example, the prospect of a client growing richer in time) justify it. But it is just not worth their while taking on business which will not yield a reasonable return, and most set a basic fee—usually around £300—designed to include the small man. Any investor with much less than £50,000 would find it difficult to get his portfolio management accepted by a merchant bank. Even the smaller banks prefer to take nothing under around £75,000, many of the bigger ones set the limit at £100,000, and it may be even higher.

The sort of investors who go to a merchant bank for advice, therefore, includes wealthy individuals—of which there are a perhaps surprising number—and a growing number of institutional clients which are handling money on behalf of other investors. These cover virtually the whole range of institutional investors, though for obvious reasons with a substantial predominance of pension funds which do not tend to have their own advanced investment departments.

They include, for example, some big investment trust clients which use both their own expertise and merchant bank advice. Flemings, again, is exceptional in having a large slice of investment trust funds to handle as well as the bulk of the funds of the Save and Prosper unit trust group, the largest in the country. For most banks, however, the dominant institutional investor is certainly the private pension fund. It is a growing part of their business; and it is one which from some

points of view is particularly attractive to them.

One bank fund manager pointed out that the pension fund business has at least two major advantages from the bank's point of view. They pay no tax, and their investment aims are long term and relatively uniform. Moreover, a pension fund is constantly and predictably increasing in size, making it relatively simpler to undertake changes of investment

and gain considerable satisfaction out of helping a charity to make the best of its money.

Finally, the private clients. For some banks, particularly those which have only relatively recently started to build up their investment management business, this is a substantial part of their activity. For all of them, it is one which shows steady growth; through personal recommendation and through their contacts around the country, the banks find a constant flow of new private business coming their way—at times at an embarrassingly high rate—and while it can be difficult to handle the personal needs of a large number of individual clients, they welcome the growth.

One company in particular, First Investors and Savers (one of the satellites of the Vavasour financial group) is making a speciality of seeking private business, and offers to individuals with a minimum of £50,000 of funds a comprehensive personal financial and tax planning service which is not paralleled elsewhere.

The advantages which the merchant banks can claim for their investment advisory services rest, obviously enough, mainly on the quality of the investment advice they are able to provide. Whether for private individuals or for the variety of institutional investors which use their services, the attention of full time investment experts is generally more likely to produce a satisfactory return on their investments. The service, it is pointed out, is supported by the full research facilities of

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policy by using the new funds (though at the same time, as one manager argued, requiring constant discipline to maintain a rational portfolio of investments). Besides the pension funds, the merchant banks handle a wide range of other institutional funds. These include local authorities and all types of trust funds, for example, for charities and for educational establishments and other institutions. All of these have individual aims and problems, and many fund managers admit that they rather enjoy tackling the requirements of such opera-

Continued on next page

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Most people with investment capital of between £25,000 and £100,000—the terms of reference here—want their own individual portfolios. Hence the need for private portfolio management. It may be provided by a stockbroker, a bank, or an investment counsellor—or by the individual himself—but somebody has to do the job. Portfolios do not manage themselves nowadays as any shareholder in Rolls-Royce will tell you.

An alternative would be to use a managed investment vehicle such as a Unit Trust. From the investment management point of view the techniques are not so very different and the charges are much the same in net terms. But one is a collective service, the other an individual, and there is a large and growing demand for both.

In my view, the most important thing about private portfolio management is that it is a personal service. The attraction for the client is that he has an expert he knows and likes and can trust looking after his affairs. It is here that investment counselling differs most from unit trust management. With thousands of unitholders to look after—most of whom they have never seen and know nothing about—unit trusts cannot provide the same personal attention. After all, they will act for somebody with as little as £100.

At the outset the portfolio manager will want to know as

much as possible about a new client—age, family, occupation, investment likes and dislikes, and most important of all, how he regards his capital. In very many cases it will be thought of as a fund for "retirement" in some shape or form—something to guard the individual against all the unknown hazards of the future.

Personal meeting

Only when the client's views are fully ascertained—preferably at a personal meeting—can a suitable policy be drawn up.

Compared with the important task of establishing, and maintaining, this initial rapport, the day-to-day portfolio management itself is a relatively simple job for a skilled manager.

In investment—as distinct from personal—terms the client's requirements will fall into one of three broad categories: growth, income or a combination of the two. A further overall division is between U.K. residents (paying the £ premium for dollar stocks) and non-residents (exempt). Finally, there are clients who pay capital gains tax, generally the U.K. residents, and those who do not, the overseas residents.

A new client's requirements would be coded on this basis and his initial portfolio analysed. Unsuitable stocks would be sold, suitable holdings endorsed or made up.

The client's portfolio and requirements would then be entered in the records, which ideally would be computerised. Thereafter a continuous watch would be kept on his investments. Necessary action would be taken on any bids, rights or capitalisation issues—or any other development affecting the securities under management. If information reaching the portfolio manager suggested that a switch was desirable, this would be made.

Over a period, clients of a particular portfolio manager with the same investment requirements and a similar taxation and domicile background would acquire basically similar portfolios. This is not a criticism but a matter of common sense.

It is quite beyond the resources of any man or organisation to keep a close watch on some ten thousand quoted U.K. securities and thousands of overseas securities. Nor is it necessary. Provided the portfolio manager can obtain an adequate spread of risk and adequate marketability for his clients, far better to know fifty investments well than have a passing interest in five hundred.

Thus organised, the portfolio manager can spend a great deal of his time studying his master portfolio and making investment decisions about the general level of stock markets and buying and selling limits. Should we go more liquid, or is this a time to be fully invested? Should we take a profit on our bank

shares? Are Shell in a buying range?

The answers are then related to the portfolios of individual clients. Which clients are fully invested—or liquid? Which clients hold bank shares? Which clients might buy Shell?

It will be seen that, in the sense that he has an interest—actual or potential—in a relatively small number of carefully chosen stocks, the private client will not be very different from a Unit Trust investor. Indeed, his portfolio will be even more selective—perhaps no more than 15 or 20 stocks as compared with 50 to several hundred in a unit trust.

Burden lifted

Where he differs is in being relieved of all the problems of investment choice: the decisions are taken for him by the portfolio manager. In the case of a unit trust the individual must himself decide which of some three hundred trusts best suits his requirements; he cannot reasonably ask the individual trust for a view. The private client is also spared the immensely difficult and worrying business of deciding about bull and bear markets—whether he should be more or less liquid. Here again he cannot reasonably expect the unit trust—or a building society!—to advise him.

A good records and information retrieval system is the basis of sound portfolio management.

Spreading role of the merchant banks—(Cont'd.)

Continued from previous page the banks and by their extensive U.K. and international contacts. These include, for example, the receipt of information from all the leading stockbroking firms, whose research efforts contribute to the knowledge of the merchant banks' investment departments. The banks are sometimes in a position to do share deals on an advantageous basis for clients—for example in taking up stock in placings or large lines at prices below market levels.

The banks, moreover, run their own unit trusts, whether available to the public generally or reserved for their own clients. Through these, often in specialised areas overseas or in particular market sectors, they are able to offer even the smaller client a spread of investments. In fact, the tendency is increasingly—partly in order to keep down costs—towards putting small clients into "in-house" or other trusts for this purpose.

Client relations

In running their investment services, all the banks lay considerable stress on the importance of maintaining good relations with the client. At the same time, they emphasise the importance of their being given the greatest possible freedom to invest as they see fit. The banks do not generally insist on being given complete discretion; and for some clients, for example the bigger investment trusts which have their

own investment experts, the relationship would make full discretion inappropriate. Nevertheless, the banks will nearly always try to get as much discretion as they possibly can. Only with the freedom to make investment decisions day to day, without reference back to the client, the banks argue, can they perform as well as they should. Some will charge more where the client insists on restrictions; others point out that their investment performance will be less satisfactory.

This is, in fact, one of the main problems which the banks face in dealing with clients, whether private or the trustees, for pension funds. One manager said that very few trustees put no restraint on the bank's operations; another said that "the biggest problem is managing the trustee."

In fact, it is recognised that the relationship has to be built up on the basis of mutual trust and a detailed knowledge of a client's circumstances. For this reason, the banks try to ensure that the client meets regularly with one or two men—usually an investment manager backed by a bank director—who keep responsibility for a limited number of portfolios. At the first meetings a general policy for the fund will be set out and agreed with the client (this may, in the case of already established portfolios, sometimes demand careful handling to persuade the client that it is necessary completely to recast the investments). And subject to general policy, to be discussed

with the client from time to time, the bank will argue that it can do best for the client by acting quickly on its own advice.

Right timing

The banks do not claim that they will make the client's fortune overnight. They do not generally run highly speculative portfolios. What they try to do above all, using their own research facilities to back the individual judgment of the fund manager, is to spot general swings in the market and get the timing right. This means, besides picking up individual share situations, spotting the broader trends; choosing the right time to move from fixed interest into equity shares; determining when Wall Street, Tokyo or London is particularly attractive; or deciding when shares in the financial sector, for example, offer growth prospects. By identifying what one manager called the "tidal movements" in the shares, and following them aggressively, the banks reckon to do as well as they can for investors. At least, one man said, they may be able to protect the client against disastrous errors of judgment (though investment experts themselves are not immune from making mistakes on the grand scale, as some of the consequences of the Australian mining boom and bust showed).

As much as the investment advice itself, however, it is the administrative work which it is felt is of particular use to the client. Relieved of the effort of

running the portfolio, provided with full information on any portfolio changes and with regular valuations, and with other services available such as capital gains tax calculations and registration facilities, the client, whether an individual or a trust, has the administrative burden taken off his shoulders.

It is in fact the administrative services which make up the greater part of the cost of using a merchant bank's investment advisory services—as much as 30 per cent of the fees charged, one man suggested. The actual cost of the services, by for example U.S. standards, is reckoned to be low. Charges do vary from bank to bank; the accompanying graph shows a perhaps typical example, ranging down from 0.3 per cent of the value of the portfolio for the smallest clients. Some banks may ask 0.4 per cent; others may be a little cheaper.

It is one of the common anxieties expressed by the banks, however, that these rates are too low. They have already risen, at the same time as the banks have tended to increase their minimum limits in order to cut out the more expensive small portfolios. It is argued by many that they need to rise further if the standard of service, already under pressure, is not to drop.

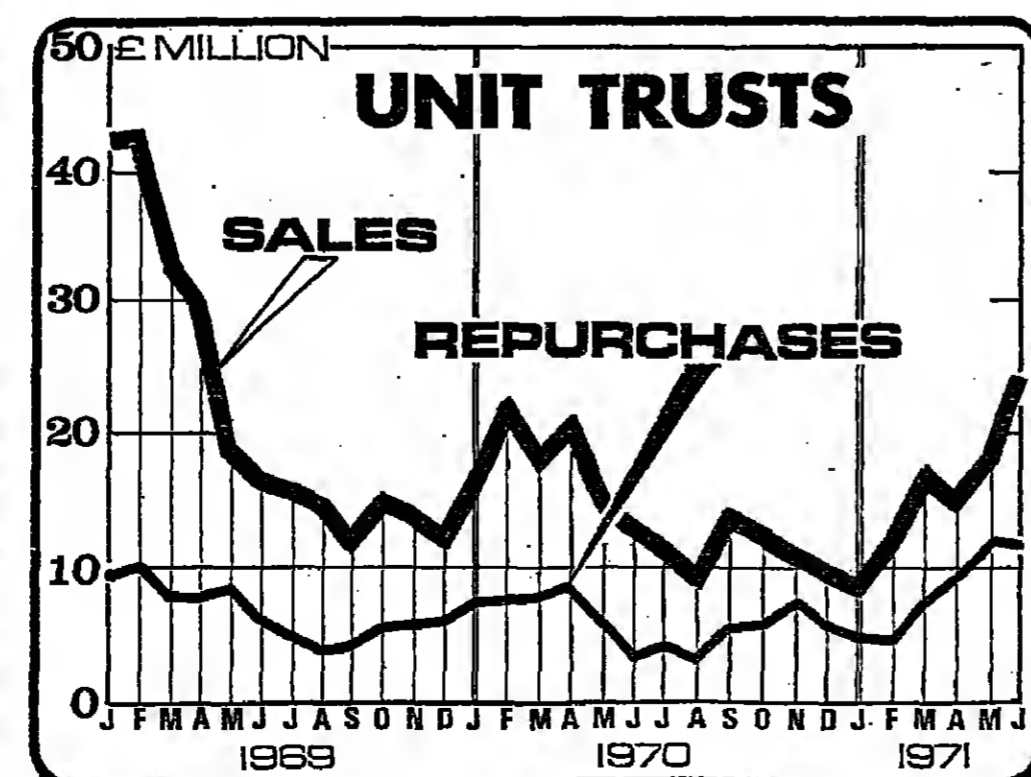
Many feel that the process should be reversed, to improve rather than reduce the services offered; but the competitive problem is a difficult one to tackle. First investors have been struck out on its own; it is offering a more comprehensive service, in detailed tax and investment planning for individual investors, than most others are able to provide. But it is charging appropriate rates for the job: 1 per cent of the portfolio for the full service, with a minimum of £500 rather than the £500 which is common among the merchant banks, and 0.5 per cent, even for the unadorned investment management service.

Possible market

At present, the banks are almost unanimously anxious to attract more investment business, as much for the advantages it confers on their own market power as for its inherent attractions. An enormous amount of money, it is argued, is still lying around the country, both in private fortunes and in pension funds, which could benefit greatly from full-time professional management. And the probable growth of pension funds, as they come to play a more important part in the general structure of wages, promises a continual addition to this possible market. As a result, it seems likely that more and more individuals will be acquiring professional investment advice, even if only indirectly through their pension expectations, which may have substantial effects on their real wealth.

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—(SEE PAGE VI)

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INVESTMENT SERVICES IV

Stockbrokers and the size of individual deals

By KENNETH GOODING

As the services offered by stockbrokers become more and more sophisticated many of them are beginning to find the "small" investor an embarrassment. If you are wondering just how small is "small," the answer is that anyone with a portfolio worth less than £25,000 is unlikely to be a profitable proposition to some brokers if the client demands any kind of real service at all.

The situation is ironic in a way because the activities of the London Stock Exchange's publicity department and the Wider Share Ownership Council are all likely to produce the kind of business which many brokers admit is loss-making. Anyone in search of a broker is advised to write to the secretary of his nearest stock exchange for help. If he writes to the London Exchange he is sent a list of six firms and asked to confine his approaches to only one of them. The list of six brokers is sent out 100 times by the Exchange and then the names on it are changed.

Personal contact

Significantly, only about half the broking firms who are members of the London Stock Exchange allow their names to go forward on this list—the rest apparently believe that the business it brings in is small and unremunerative.

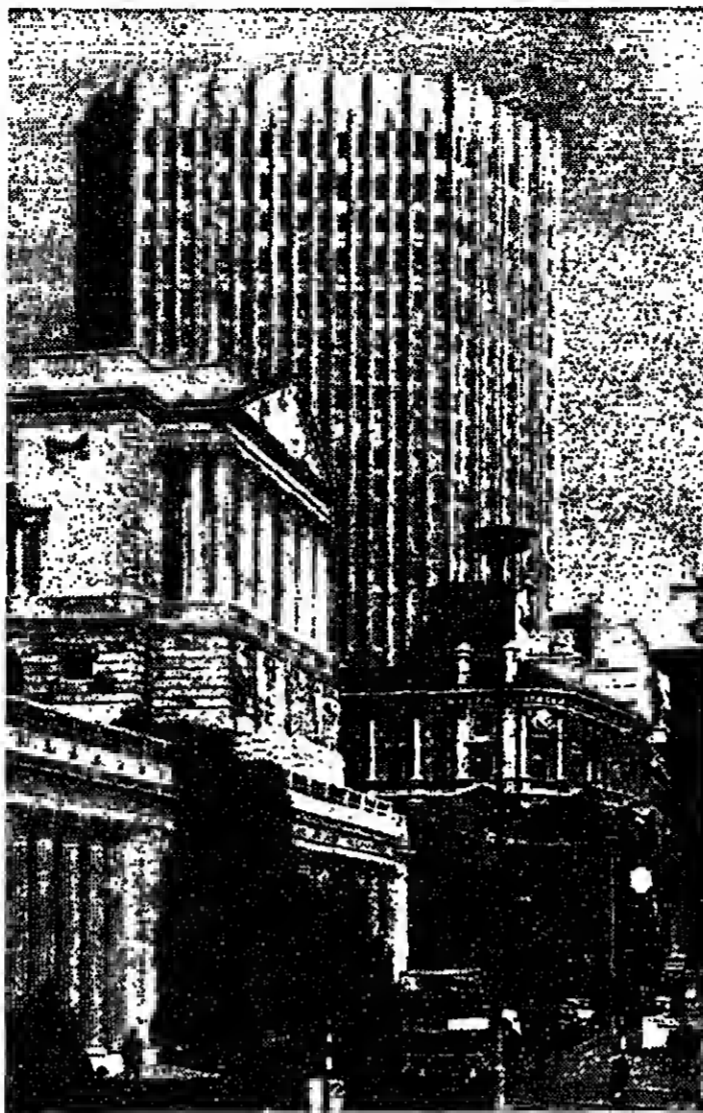
When a majority of London Stock Exchange members recently turned down the idea that brokers should be free to advertise for business, they also had in mind that this kind of advertising would mainly bring in small clients. For broking remains very much a matter of personal contact and brokers still prefer to get new business through existing clients rather than to have a phone call or letter out of the blue from a complete stranger.

In their efforts to cut down the amount of small business, some brokers have also cut their links with the clearing bank branches. Deals done through the bank branches tend to be very small to start with and then the commission on them has to be shared. However, there are no settlement problems arising from this type of business because the bank makes sure the paper work is completed in good time.

Work on the settlement of a deal is just one aspect of the broker's service which costs the same whether the client is large or small. Private clients, even those of long standing, generally have to be prompted to complete the paper work involved in share transactions, rights issues and so on, and prompting takes time.

It can be argued that, if a broker keeps a small client active so that the portfolio worth, say, £5,000 is turned over regularly then the business becomes profitable. The trouble is that this would turn an investor into a pure speculator and, in any case, the advent of capital gains tax has discouraged this kind of active dealing by individuals.

Those brokers who reluctantly take on small business—perhaps because the would-be client is the son of a long-standing customer—tend to tuck it away where it will get good servicing without costing them money. For example, one large broking firm I spoke to would, when taking on a £10,000 portfolio, suggest £2,000-£3,000 be invested in short-to-medium term gilt-edged stock so that



The new London Stock Exchange.

it was available in emergencies and that the rest be split between a couple of investment trusts and a unit trust.

Like the merchant banks, many brokers operate their own internal unit trust schemes into which the money of small clients is pooled.

Small clients

There are brokers who specialise in taking on small clients but they also tend to lay down pretty firm guidelines before accepting the business. The brokers ask for a good deal of freedom within certain limits to act on behalf of the small client and this does away with the necessity to keep constantly in touch with the customer or the need for the client to constantly telephone the broker. That is one method by which the small client can be made a paying proposition. The small man who makes his own decisions, never asks advice and just uses the broker to deal for him is also a profitable customer.

According to one estimate, put forward by the man in charge of a broker's private clients department, one person can handle about 100 clients but if they

insist on making regular telephone calls for advice or to discuss their portfolios the most an individual broker can handle is ten clients. He argued that brokers should not water down the service to private clients by taking on too many of them and the obvious clients to cut out were those which did not bring in a profit.

This means that, if you are among those clients who have more than £25,000 to invest, you can expect a really first-class service from the broker—a service to some extent subsidised by the institutional investors looked after by the same firm. All the back-up services employed by the brokers, things like the team of analysts, the regular visits to companies and even computer programmes, can only be afforded as long as the broker has a good institutional business. But some of the results from all this research is passed on to those handling the affairs of the broker's private clients to be used for private clients' benefit.

It follows that there is intense competition among the brokers for the business of the institutional investors, the brokers do not compete with the charges they make. The Stock Exchange fixes

a minimum commission chargeable and the brokers stick to this except in exceptional circumstances. Minimum charges for small deals have been introduced—another method of discouraging the small investor—and it became quite common for brokers to put a service charge on deals done during the Australian mining share boom. The object, again, was to discourage regular clients for whom the brokers felt obliged to deal, from speculating in that volatile market.

Competition enters into the broking situation in one way through the back-up services already referred to. As the institutional investors become more knowledgeable and sophisticated, they insist on more and more information from the broker and his research team. Once upon a time the investment manager of a pension fund was only interested in reading the conclusions at the end of a broker's written survey of a particular company. To-day the fund manager has a couple of assistants who study the reasoning which leads up to the conclusions and they need to be convinced by a logical argument.

Perhaps the most important area of competition between brokers is in the actual dealing for clients. This is not just a question of getting the keenest price when buying or selling shares. It is also a matter of being the kind of broker who has a deep knowledge of several market sectors and who is in the position of having stock offered when it becomes available, sometimes in special circumstances.

Pension funds

Like every other industry, the brokers have had to face a fast escalation in cost over the past year, or two and this makes it doubly important for them to keep turnover rising. Fortunately for the broker, his commission is paid on the value of the deal and, all things being equal, the total involved in individual deals should tend to rise in line with inflation generally.

As wages rise, pension funds in particular—because income is usually through wage-related premiums—have more cash coming in and this must be invested. In the longer term inflation should be reflected in life insurance premiums as well. In spite of this, brokers have had to keep an eagle eye on rising costs. They have devoted a great deal of energy in ensuring that their borrowings are kept down to the lowest possible limit.

It is the problem of rising overheads—for office space, for staff and so on—which makes the London broker less likely to welcome the individual investor than a broker in the provinces. As costs are not so high, the provincial broker can afford to give more time to the

small client. Over the past five years or so the provincial stock exchanges have introduced computer-based schemes to help smooth out dealing problems and these schemes are now working well. It is no longer the case, as it appeared to be in the past, that a provincial broker almost automatically got through to the London Stock Exchange to complete his deal.

Face to face

So it is often better for an investor living outside the London area to deal with a local broker rather than with someone in the City. Again it must be stressed broking is a personal business and both broker and client benefit from a face to face chat about the client's financial situation so that his cash for investment can be put to the use which suits his own situation best. And it is much easier for a man who lives in Leeds to have this kind of relationship with a Leeds broker than with a firm in London.

In London and the provinces the future trend, as in the past five years, will be towards bigger firms with the smaller

brokers merging to get the benefits of combining turnover and cutting costs. For the foreseeable future, however, if small broking firms specialise in one particular sector with a wealth of knowledge about the companies in it, it will continue to survive and thrive.

Some brokers wonder if broking—retailing operations—might spring up, rather than the lines of Merrill Lynch, Pien Finner and Smith, the U.K. brokers who have mastered the knack of making large profit from a huge volume of small clients.

Such an operation seems unlikely to come into being while the existing settlement procedures—with all the attendant paper work involved—continue to provide a natural barrier. It was bottlenecks in these procedures which was the major cause of London brokers J. H. Scrimgeour putting out of the provinces after setting up what were virtual branch offices.

A broker summed up the problem this way: "Getting the paper work done in time is difficult and it becomes more difficult as the volume grows

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Stockbrokers who are members of Stock Exchanges outside London have several advantages over their colleagues who work in and around Threadneedle Street. Their rents and other overheads are much lower, they are able to give on the spot personal service and advice to clients, and they have close knowledge of how local companies are faring. They always have competition on the doorstep and are rarely very far from their clients. Several are on the boards of public companies and therefore at close grips with what is going on in industry.

In addition, because of the buying and selling orders that they send to London they are regularly supplied with the output of London's investment research departments. But this is not the only reason, because London and provincial brokers can be helpful to each other in flotation of companies in which there is both national and local interest, in placing large lines of shares of these and other companies, and because every London broker worth his salt will obtain local opinions of local companies. For example, Manchester brokers have always been in extremely close touch with the textile industry, Liverpool has a long history of sound knowledge of insurance shares and, of course, Birmingham brokers are surrounded by the motor industry, its components suppliers and a whole range of engineering firms.

The flow of investment research information is therefore by no means a one-way traffic,

because provincial brokers are as assiduous in their research into companies (even outside their areas) as member firms of the London Stock Exchange.

Enormous strides

This research has made enormous strides in recent years, and it is very costly. In consequence, and with the average cost of carrying out a bargain in London reckoned to be around £5 (representing an investment of £400 in shares), London's major research has been geared to the requirements of the large investors who by the size of their orders can make the research worthwhile—the insurance companies, investment trusts, unit trusts, pensions funds and so on.

Naturally, this research department work is available to those partners and employees advising private clients, but in depth analyses are so expensive to prepare and print that they cannot be circulated to everyone. It hardly needs saying that the leading provincial brokers have not been left behind, for the facilities for in-depth research are as great for them as they are for London brokers. It is a fact, too, that there is inter-city and inter-town co-operation in, and exchange of, research information. Every broker in the country can subscribe to the statistical services of Exchange Telegraph and Moodies, which give really comprehensive information on public companies not only at home but in the U.S., South Africa and Australia.

Because of the big rise in

overheads in recent years, in part attributable to the research and service effort for institutional investors, some London stock-broking firms are not too keen on dealing for investors of moderate means and some have even refused to continue to do business for provincial brokers as much of it consists of small orders.

The result has been that the provincial brokers have increasingly dealt on their own markets or in other provincial centres, that a lot of business has bypassed the London Stock Exchange. They have been put on their mettle, and just as London has improved its service to institutional clients so have provincial brokers improved their service to private clients.

It is worth recalling what has happened in the past ten years in order to appreciate what may happen in the next ten. The Federation of Stock Exchanges in Great Britain and Ireland was conceived in the early 'sixties and the prospectus was published on April 29, 1965. The basic thinking was to bring the stock exchanges closer together in the course of time, to establish a base for future collaboration which would produce a better service for investors, and to create a united stock exchange.

That last goal has still not been attained, partly because the London Stock Exchange is still wrestling with the huge problem of a unified bargains settlement system—the original proposals in the Heasman report

Continued on next page.

INVESTMENT SERVICES V

Growing abundance of statistical information

By NICHOLAS LESLIE

The analyst investment man and others cannot reasonably claim that a shortage exists of data covering the financial, economic, domestic and political scenes. What the analyst, etc., may have, however, is a headache when he wants to put his finger on a particular item of data.

This is where the statistical services step in. They exist, and have done so for over 100 years, to provide and to process masses of data and in the course of their development have ended to specialise in particular fields.

This is not surprising. To be able to offer what could be described as a complete range of statistical services has only approached being a possibility with the advent of the computer. And even computer-orientated services have still come way to go with the possibilities they present.

Nonetheless, whatever the sophistication the computer brings, two of the earlier statistical services still provide invaluable information for the stockbroker, merchant bank, investment or unit trust, financial Press and others.

They are the financial wires and the statistical card indices, the former of which have been operating from around the middle-to-latter part of the 19th century. Financial wires are operated by Reuters, Exchange Telegraph Company and AP-Dow Jones and all three are household names among those in the City or those who have a connection with it.

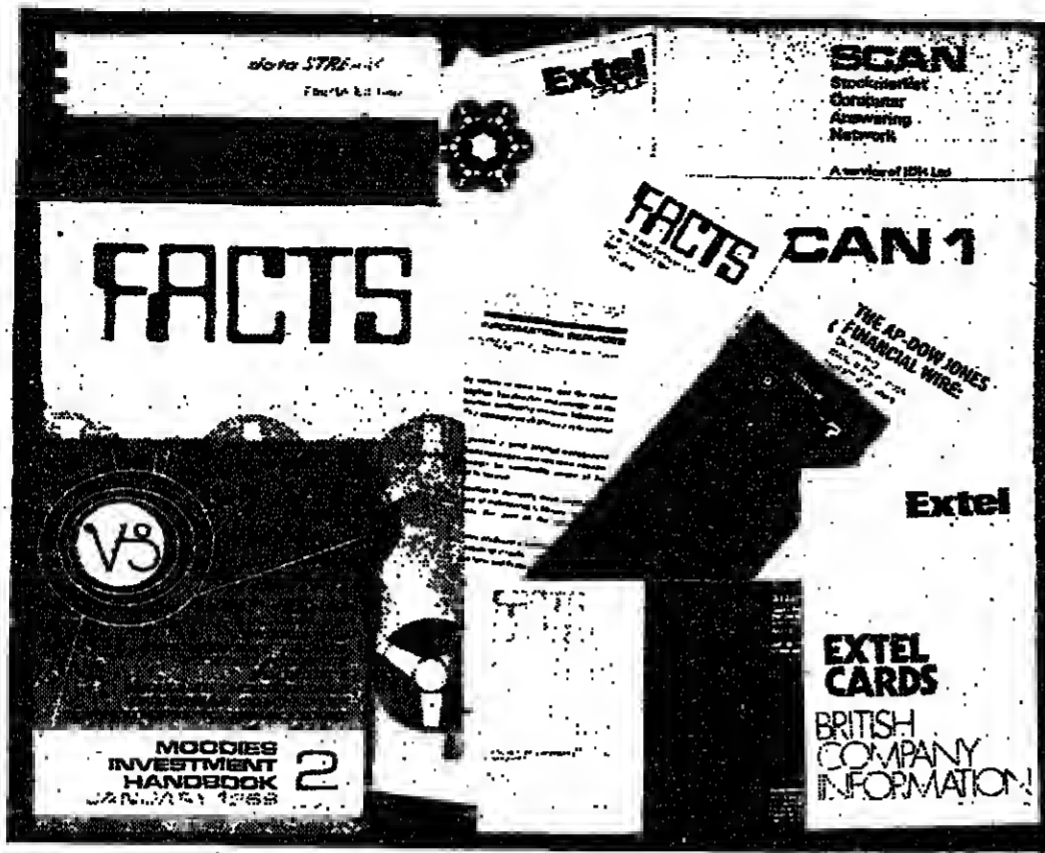
Financial data

Reuters and Extel work together to give international coverage of financial news and data, the former covering overseas countries and Extel the U.K. In addition, Extel has the exclusive contract to transmit to subscribers share prices from the London Stock Exchange.

Another example, other than share prices, of data continuously transmitted is the changes in metal prices. Many metal dealers throughout the U.K. are subscribers to such a service and when it is remembered that knowing the movement of metal prices at all times can be the difference between a profit or a loss, then the value of such a service can be appreciated.

AP-Dow Jones is an investment-oriented international news service. It is the combined operation of Associated Press and Dow Jones, the U.S. concern which publishes the Wall Street Journal. Running for 19 hours a day, AP-Dow Jones relays to its subscribers the same Wall Street ticker service as is transmitted throughout the U.S.

Moving on to the card indices, these are presented with a back-up of the financial wires. Because when the latest news comes over a particular company, such as profit results, this can be studied in relation to a fairly complete history of the company which the card provides. The cards contain details of a company's capital structure, assets, liabilities, profits or losses going back a number of years and a précis of the latest news from the company itself. Extel Statistical Services began



Examples of the growing number of statistical services now available.

its card index about 50 years ago covering only U.K. companies. It has since progressed to cover European, American, Japanese and other overseas companies, as well as publishing specialised statistical books.

Moodies, a U.S.-based concern, has its own card index, which, while similar to Extel, has its differences. A newcomer to the scene is ExTrac Information Services, which incorporates information comments on the investment potential of companies and which is also just about to launch a new card index setting out the major shareholders in several hundred of the major U.K. companies.

Thus, through the financial wires, card indices and various publications it can be seen that a host of statistical information can be made available. In time saving alone this must be of benefit to any research programme.

Computers, however, open up a whole new dimension for statistical services. Not only do they further speed up the provision of basic data, but they also will eventually enable the user to assess the investment potential of companies and business sectors in the light of Government socio-economic, financial and other statistics and to calculate and evaluate almost any number of variables.

This can, of course, already be done, but in a fairly labour-intensive way. And the computer-orientated service means a far greater number of individuals or institutions may make their own assessments at greater speed and with the computer doing all the time-consuming and costly calculations.

At present the beady heights have not been reached. One of the first computerised services, International Data Highways SCAN system, was set up around five years ago to provide a data bank of share prices and to undertake portfolio valuations.

Others have since entered the field, such as Centrefile, a National Westminster Bank operation. Centrefile also has another service for stockbrokers whereby computer print-outs are done of share dealing transactions.

Moving on, and with subscribers to the various systems being able to plug in to visual display units, typewriter terminals and graph plotters, there are services which provide masses of data on equities, loan stocks, and debentures and enable assessments to be made of their absolute and relative values in terms of the whole market and sectors of it.

This means, for instance, that if an investment trust or unit fund manager wishes to know how many and which equity stocks fall between given parameters he may merely "ask" the computer and get back his answer within seconds.

Then again, a company can be isolated and its profits performance and assets progress be determined along with earnings, yields, and price earnings ratios either on latest available data or on the subscriber's own forecasts.

Initial moves

Brokers Hoare and Co. Govett have their own system called DataStream, set up about three years. This service is provided exclusively for their own clients and has been designed so that the subscriber can use basic data on which to make his assessment or use also additional data programmed by Hoare and Co. Govett as a result of its own research effort. At present, there is no facility for the subscriber to write his own programme into the computer but this is to come. In addition, initial moves are being made towards the day when forecasts in different sectors of the market will be able to be made in the light of economic, financial, political and other factors and in relation to total gross national income and expenditure.

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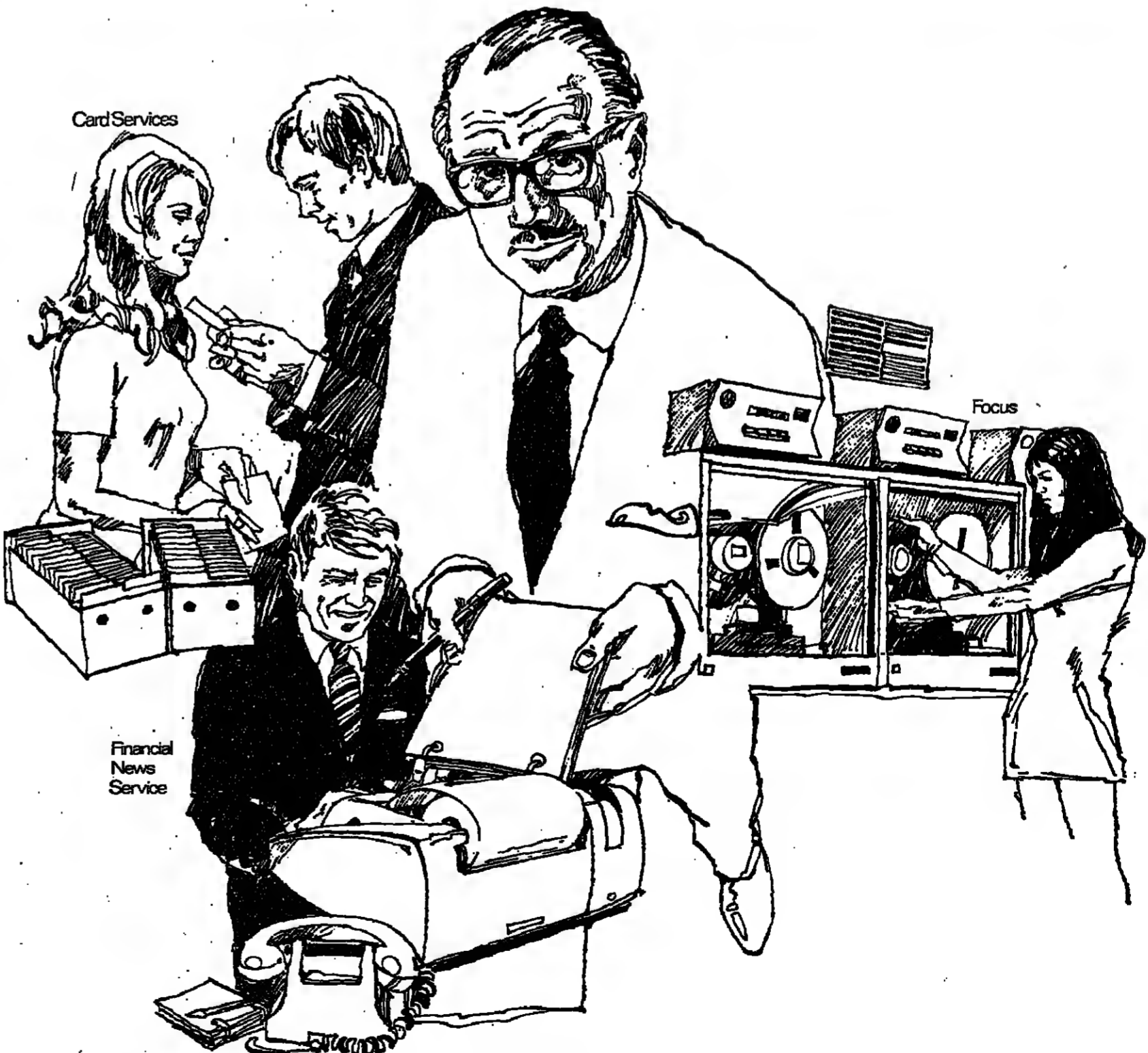
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Provinces— (Cont'd.)

continued from previous page
year for a continuous, running settlement were shot down in flames—and partly because of related computer problems. Until these are solved there can be no apportionment of the costs of running a united stock exchange.

However, there has already been considerable integration in the provinces. In 1964 the four Scottish stock exchanges amalgamated, in 1965 the Northern Stock Exchange (taking in Manchester, Liverpool, Sheffield, Leeds, Newcastle, Huddersfield and Oldham) was formed, and towards the end of 1966 the Midlands and Western Exchange (taking in Birmingham, Bristol, Cardiff, Nottingham and Swansea). In March last plans were announced for the setting up of a new Irish Stock Exchange to replace the existing system of three separate bourses for Dublin, Cork and provincial brokers. Trading continues on the stock exchange floors in Dublin and Cork.

Also included in Federation besides these are the members of the Provincial Brokers Stock Exchange, who provide a valuable service in 110 towns throughout Great Britain and

Ireland, the Channel Islands and the Isle of Man.

As is the case in London, there have been many mergers of stockbroking firms in the provinces and the rapid disappearance of single-partner firms over the past decade. All have been an effort to reduce costs and provide satisfactory service to clients.

Brokers in the provinces transact business one with the other if they can deal to better advantage for clients than in London, and the birth of the idea of Federation brought them much closer together.

Restricted range

One of the obstacles to Federation, which is certainly not insurmountable, is that members of 18 Federation Exchanges, including London, may not open branches within 25 miles of another exchange. (There is a similar restriction in Scotland.) This precludes London brokers from opening up in densely populated provincial areas.

Another not insurmountable obstacle is that provincial brokers are not permitted to deal direct with jobbers on the London Stock Exchange, but

only through a London stockbroker. The general opinion in the country seems to be that the simultaneous removal of these restrictions would be acceptable.

In the longer run it is not unlikely that if provincial brokers are allowed direct access to the London market they will, either separately or collectively, open up London offices employing staffs to carry out buying and selling orders and initiate the necessary paperwork. Their dealers would be able to check on market information and rumours, improve the efficiency of handling the vast amount of paper that is part and parcel of every account, and so help towards a better service for investors all over the country.

Before that, however, an acceptable new dealing system has to be worked out, and there is a massive computer problem of marrying buying and selling bargains. Scotland claims to be on top of its own computer, but differing stories are heard from the Northern and Midlands and Western Exchanges. Slowly but surely a national stock exchange is taking shape, and it must be for the public good.

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INVESTMENT SERVICES VI

Ease of access in unit trusts

By KEITH LEWIS

Unit trusts have for many years been the easiest way for the average person to invest in equities. And the service offered by the groups has naturally improved quite considerably since the movement's earliest days in the 1930s. Originally, unit trusts were quite inflexible affairs, sometimes even restricted to investing in specific shares.

To-day there are something like 280 authorised trusts, each having the freedom to invest in whatever the managers feel suitable for any particular fund—though, of course, there are still the trustees to watch over the proceedings. There are trusts to satisfy almost every requirement: capital growth, income or a mixture of both. There are those specialising in Japan, Europe, North America and Australia. And there are others concentrating in sectors of the U.K. market such as Financials (bank and insurance shares, for example), Plantations (rubber, tea and sugar companies), Properties and Mining. Charities and pension funds are also catered for with tax exempt trusts in either equities or property.

For people prepared to invest a fair size sum in one trust (£2,000, for example) there are funds that offer extra low management charges. Groups like Schroder Wagg, Tyndall and Hill Samuel come into this category.

Record funds

Even though the unit trust industry is at present going through something of a difficult phase, with redemptions running at unprecedented levels, the funds under management are also standing at a record of £1,688m. There were 2,36m. unitholder accounts at the end of June, and the average holding £713.

But basically all unit trusts set out to do the same thing—take the effort out of investing in Ordinary shares for the individual who has neither the skill nor the time to select shares for himself. They also offer a wide spread of equities, which the individual would not normally be able to afford and which help reduce the downside risk if one share falters. An added advantage is that units can be bought direct from the manage-

ment company, unlike an orthodox share investment where a broker has to be used.

There are some minor tax disadvantages, however, that are worth spelling out. The removal of capital gains tax on disposals under £500 per annum in the last Budget effectively makes direct share investment technically more attractive. Furthermore, for the smaller investor, allowances can reduce the actual gains tax liability to about 31 per cent. whereas through a unit trust there is a common 30 per cent. rate. It is hoped, however, that these anomalies will be removed in the near future.

Nevertheless, there are numerous other reasons for using unit trusts. For example, reports are sent out every half year to unitholders, giving details of the shares in the portfolio, the dividends received and paid (assuming it is not an accumulator fund). The Board's views as regards market conditions and the management accounts at the end of the period. Certificates are sent out stating the capital gains tax paid by the fund on behalf of the unitholder.

Elsewhere in this survey (Page VII) the question of protection of shareholders is examined as an important part of the investment package served up to shareholders. This article looks more closely at situations where shareholders have attempted to help themselves, with varying degrees of success.

When shareholders act for themselves

By MICHAEL BLANDEN and SANDY McLACHLAN

Few shareholders are in the lucky position of Mr. Maxwell Joseph and Mr. Donald Forrester, two Cunard shareholders who over the past week or so have spent several hundred thousand pounds of their own money buying Cunard shares in an attempt to block a take-over bid which they feel is too low. True, Mr. Joseph and Mr. Forrester are also on the Cunard Board, but in this exercise they are acting in their capacity as private shareholders.

In fact, take-over bids represent the situation where the shareholder is, potentially at least, in his strongest position. More often than not shareholders will vote with the Board, but frequently both private and institutional shareholders reject the advice of the directors, and a number of contested bids are successful.

There are two other broad categories where shareholders may try to take concerted action to influence their Boards of directors. The first is where a company has a history of bad or at least unsuccessful management: usually the record has to be abysmal to force shareholders into action.

The third, even broader, category is where shareholders feel that their rights are being infringed in some form or other. This can cover a multitude of situations.

In this review we are not concerned with the forms of legal redress which shareholders can seek. Rather it is a question of how much can institutional or private ginger groups achieve by bringing pressure on the board of directors through their own efforts.

Determined groups

Concentrating for the moment on takeover bids, there have been one or two occasions where determined groups of shareholders have altered the course of events. Perhaps the most interesting was the drawn-out affair at Raglan Property Trust. Having defeated a bid from Alliance Property Holdings in 1968 the Raglan Board announced an agreed bid from Greenoat Properties early in 1970 at a price valuing Raglan shares at 1s. 6d.—or below the then prevailing market price of 1s. 7½d.

This aroused the displeasure of a Poole property developer, Mr. James Rowland-Jones, who had already had previous success in the ginger group game as a shareholder in Retia Phoenix back in 1968.

Mr. Rowland-Jones rallied small shareholders to oppose the Greenoat offer, and then the position was further confused by a second bid from Alliance. With massive proxy support Rowland-Jones defeated both offers, and then had himself elected to the Board. He even persuaded the retiring directors to end their service contracts

without asking for compensation.

Shareholders are seldom as dramatically successful as this in their efforts, and Rowland-Jones' experience at Retia Phoenix is also interesting. Himself a holder of 200,000 shares, Rowland-Jones organised the support of a total of 2½m. shares—30 per cent. of the equity—against the bid from E. Alec Colman. The bid went unconditionally but the rebels bung on, and were eventually bought out at a higher price.

Improved offer

It is not often that being a minority shareholder pays off. But as Retia Phoenix shows it can happen, and Lombard Banking is another case. Here it was institutional opposition to the terms offered by National Westminster Bank for the Lombard convertible. The offer for the ordinary shares went through, but the institutions stuck out against NatWest, becoming in effect minority shareholders. Within a few months NatWest reconsidered its position and made a new, and improved, offer for the convertible.

In fact, it is nearly always the case that ginger groups are doomed to achieve very little unless they have institutional backing. However, sometimes it happens that the institutions will take up a case first put by a group of small shareholders.

The best recent example of this is at Blanes, where small shareholders decided to oppose the Board's proposals to put the company into voluntary liquidation. Immediately prior to the meeting the rebel shareholders reckoned that they could count on the support of a quarter of the equity, but it was last minute support from institutional shareholders which finally ensured defeat for the voluntary liquidation proposals at the meeting.

The power of the institutions when they act in concert is undisputed. For example in the Pergamon Press situation an institutional third force was able to hold the balance of power between the warring factions of Leasco's Mr. Saul Steinberg and Mr. Robert Maxwell.

The institutions are in a better position than the small shareholder to act in cases where they feel that management changes are necessary for one reason or another. The best example here is the appointment of a new chief executive to Vickers after talks on management between the company and institutions led by Prudential Assurance and merchant bankers Hill Samuel. Also there is no secret that the institutions played a part in the announcement of Sir Charles Hardie's decision to retire at Metropolitan Estate and Property Corporation. These sort of successes

achieved by the institutions are in contrast to the lack of results which the ginger group of private shareholders have been able to achieve at Woolworth. Equally, the well-organised revolt against the Cunard Board back in 1967 when a group of rebel shareholders wanted distribution of the cash realised on the sale of Cunard's interest in BOAC instead of a ploughing back into the then proposed QE2, achieved little in the end.

Perhaps the most dramatic involvement of institutional investors in recent times was in the much publicised Mersey Docks affair. Objecting violently to a write-down of capital proposed by the Mersey Docks and Harbour Board the institutions stepped firmly down into the public arena, and some even went as far as the courts. The situation at Mersey was so bad that there was a limited amount which they could achieve. But they made their point, salvaged as much as they could from the situation, and at the end of the day felt that they had made the best of a bad job.

The relative weakness of shareholders to influence the Boards of the companies they own has been the subject of debate for some considerable time. Besides frequent academic discussion of the issue, a number of practical suggestions have been put forward to strengthen their arms.

Precise proposals

The proposals put forward at various times by Sir Brandon Rhys-Williams in Parliament for changes in company law have been designed precisely to achieve this purpose. Again, Mr. Charles Villiers, merchant banker and former chairman of the Industrial Reorganisation Corporation, has recently suggested specific arrangements which, he argued, would provide a way for shareholders to bring pressure on their Board.

He proposed using the position of the non-executive director, at present holding a rather ill-defined status, for this purpose. Particularly, he argued that such directors should have clearly defined duties which would include reporting to the shareholders on certain specified matters.

He went further than this, by suggesting the separate establishment of an "ombudsman" for investors, who would act as the channel and focal point for their complaints and, with his own small staff, would be in a position to influence Boards of directors on shareholders' behalf. Whether such a rallying point will be established in this form remains to be seen. But it appears that the general idea strikes a chord in at least some sections of the City.

Even major institutional shareholders, when they feel the need to take positive action, are

tempted to aim for "instant performance." In other words, some investments have been made in high risk/reward companies and subsequently have come badly unstuck. It is up to unitholders to put the use of "league tables" in perspective, but there is no doubt that the pre-occupation with investment performance, has, in some cases, worked against the holder's interests.

An extension of the misuse of statistics is seen in how the public, historically, tends to follow the market rather than try to anticipate it. True, the managers themselves tend to advertise much more when the market is rising (or has risen) and this results in unitholders buying at the top of the market and later becoming disillusioned when conditions turn sour. It could be argued in this respect that unit trusts perform a disservice to the public.

However, there is more than one way to invest in a unit trust. And the increasingly popular method is through a life assurance policy. Premiums are allowable for income-tax relief and one of the worst problems of all—the timing of an equity investment—disappears. It works out that when the market has taken a fall the regular premium simply buys more units and, of course, the converse is true when shares are on the upturn. The levelling out effect of a regular savings plan is called "pound-cost-averaging."

Most groups also offer children's gift plans. The attractions of these were trimmed back in the 1969 Budget when the Chancellor announced that all the investment income accruing to a child had to be aggregated with that of the parents for tax assessment. However, the present Government has seen fit to revoke this ruling and a direct purchase can now be made in a child's name, if over fourteen years of

age, or in the parent's name for those under.

Alternatively, trusts can be set up on behalf of a child and can be added to at will. The sort of trust has certain estate duty advantages, though it is well to remember that they are irrevocable and that it has to be established that any money taken out of the fund (even if the parent appoints himself trustee) is strictly for the child's benefit.

Linked pension

Another variation on the unit trust theme is the linked pension. These schemes also received something of a fillip in the last Budget when it was announced that the ceiling for premiums qualifying for tax relief had been raised from 1 per cent. of relevant annual earnings (up to a maximum of £750) to 15 per cent. (up to a maximum of £1,500). There are a limited number of group operating in this field, among them M and G, Tyndall, Sav and Prosper, Schroder Wagg and Target.

In conclusion, it is wise to remember that unit trust should not be regarded as a way to make a fast profit. Quite often one year's winners get the wooden spoon the following year. While it is possible to join in and out of trusts in the same way as shares, it is quite expensive, and it cannot be stressed too often that the minimum view for a unit trust in vestment should be three years—probably more like five to be really sensible.

Last year, for example, turned out to be a good year for income trusts—the top fund was State Walker High Income. But so far in 1971, with the upturn in the market, capital growth funds are again coming to the fore. To obtain the best service from a unit trust one should head for those with staying power rather than those with one good year behind them.

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INVESTMENT SERVICES VII

Safeguards for investors on all sides

By SANDY McLACHLAN

This survey has helped to highlight the growing range of the services and advisory sources open to the investor. There is one aspect which, however, has not been touched upon, and that is the question of safeguarding the investor.

Although not an investment service in the sense of a buy or sell recommendation, protection of the investor is a fundamental part of the package deal. It is also a highly emotive subject on which there has been a great deal of muddled thinking.

The basic legal framework controlling the actions of companies is enshrined in the Companies Acts of 1948 and 1967. The two Acts cover a formidable range of subjects, and ensure a substantial amount of disclosure of information by boards of directors to their shareholders. On the face of it, they give the Department of Trade and Industry wide powers to regulate the activities of the company sector.

Together with other legislation they form a wide, and fre-

quently strict code of conduct for public companies in general, banks, insurance companies (to some extent), unit trusts and other investment media such as pension funds.

There are other safeguards for the investor. The City itself has set up the takeover panel to regulate the field of bids and mergers in order to cut out the worst cases of abuse of director's powers. On another plane the Stock Exchange keeps a firm hand on its members, and runs a compensation fund to ensure that in the rare instances of default there is no loss to members of the public.

More willing

On top of this the small investor is getting an increasing amount of help from the institutional investor—so far not nearly enough, but gradually the institutions are becoming more willing to act in concert in unsatisfactory situations. They are best placed to make the myth of equity shareholder

control a reality, and when they pool their substantial voting weight they can often do so.

All these separate bodies give shareholders a wide variety of safeguards, some legal and some less official. The legal protection is the backbone of the system and has two main aims: the prevention of fraud and the furnishing of shareholders with all the information they can reasonably expect concerning the companies of which they are in fact the owners.

Having said this, however, it is of paramount importance to remember that one of the basic principles of British common law is caveat emptor—let the buyer beware.

The 1967 Companies Act introduced many improvements in company law, and blocked up a number of loopholes which had become evident from the workings of the 1948 Act. One of the major innovations under the 1967 Act was the granting of powers to the then Board of Trade to go into companies and have a preliminary look at the

books without any publicity being given to the fact.

The powers of inspection under the 1948 Act had included the provision that the appointment of Board of Trade inspectors should be publicly announced, and this had an inhibiting effect on their use: the BoT was reluctant to take such a step, which would inevitably have gravely adverse effects on the image of any company to whom inspectors were appointed, unless it was really certain that the situation inside the company was serious.

The whole hog

The 1967 Act allows the DTI, as it now is, much greater flexibility. If, after a quiet look round by inspectors appointed under the later Act, there is still a prima facie case that the company is either insolvent or is being run in a fraudulent manner, the DTI can then go the whole hog and have a really thorough and publicly announced investigation under the 1948 Act.

The DTI makes substantial use of its investigation powers under Section 108 of the 1967 Act, although in most cases its investigation never comes to light. However, the DTI has stern critics who contend that it does not do nearly enough for the protection of shareholders.

It is this point which tends to get feelings running high, and the disagreement stems from different interpretations of the law. Critics of the DTI say that the Companies Acts make the DTI the shareholders' watchdog; the DTI, by and large, do not agree.

The gist of the DTI argument is that it is a Government department using public money, and that as such its brief does not include incurring expenditure to reduce the risk inherent in buying an Ordinary share. In the view of the DTI its actions should be limited to interference only when there is a case for criminal proceedings, or where a company is insolvent. In any other situation, the DTI

Continued on next page

Technical analysts will play a greater part

by ERIC SHORT

In choosing an investment there are two basic decisions to be made. The first is what to buy, the second is when to buy. Two methods of security analysis now dominate the investment scene. The first and most familiar is known as fundamental analysis which concentrates on assessing the value of a company. The second and less well-known is technical analysis, often popularly referred to as "chartism." This concentrates on the price structure of the investment.

What are the tools which the

technical analyst uses? Briefly, they are charts showing the price movements of a particular investment or series of investments. The main part of the technical analysis work is connected with the movement in price of quoted ordinary shares, although the basic methods can be and often are extended to other forms of investment such as commodities. The rest of this article will concentrate on the technical analysis of equities.

There are three main types of chart used by the technical analyst. The first is the line chart, on which the daily price of the share is plotted and the points joined by a line. The Industrial Ordinary Share Index is often shown in the Financial Times by such a chart. The second is a bar chart which shows the high and low price for the day by means of a vertical line, with a small mark to indicate the closing price.

The third type of chart used is the point and figure chart. This shows price movements as a series of "x" and "o" on the chart. Such charts are quite complicated to construct and are the least understood by the uninitiated. However, they do show much more information than the other charts and are most used by the technical analyst.

Past behaviour

How does the technical analyst use these tools? By studying the past behaviour of the share price, he forecasts what the future movement in that price is likely to be and from that forecast makes the decision

to buy, sell, hold or wait. It would take too much space to describe, even briefly, the various technical formations and patterns that can occur on these charts and the significance of them. However, an understanding of the basic mechanisms of the stock market helps to show the line of reasoning taken by the analyst.

The price of a share is that at which a buyer and a seller can be matched. If the buyers are strong in the market, the share price will rise. If, on the other hand, buyers are reluctant to enter the market and there is selling pressure the price will fall. This is simply the effect of the law of supply and demand. However, there will be a reaction to such movements that can usually be predicted and this is where the technical analyst comes in.

This is just a simple example. The mechanics of the working of the Stock Market are as complex and varied as the personalities of the buyers and sellers which form the market. Yet the net result of the actions and interactions of these buyers and sellers is indicated by the price movements of the shares in that market and a skilled technical analyst will spot changes in trends before they are obvious to everyone. It must be remembered that if a major change is taking place in a company's fortunes, the price of that company's share will always give warning and consequently a forecast of the future movement in that share price can be made.

The technical analyst does not base his predictions on one price chart only. The work of the "random walk" theorists has cast doubt on many of the assumptions of such automatic chartism, although it has in no way demolished the validity of technical aids to investment. For instance, while the share chart remains the analyst's most important tool, he will ignore the overall market trend at his peril. He must also study the trends of specific groups. A glance at the performance of the FT-Actuaries Share Indices over the current year shows just how varied this is.

Thus the modern technical analyst's tools will include a considerable number of indicators designed to show a much fuller view of what is happening in the stock market than any series of stock price indicators can give him. It would seem that technical analysis, just like fundamental analysis, is useful only in proportion to its thoroughness.

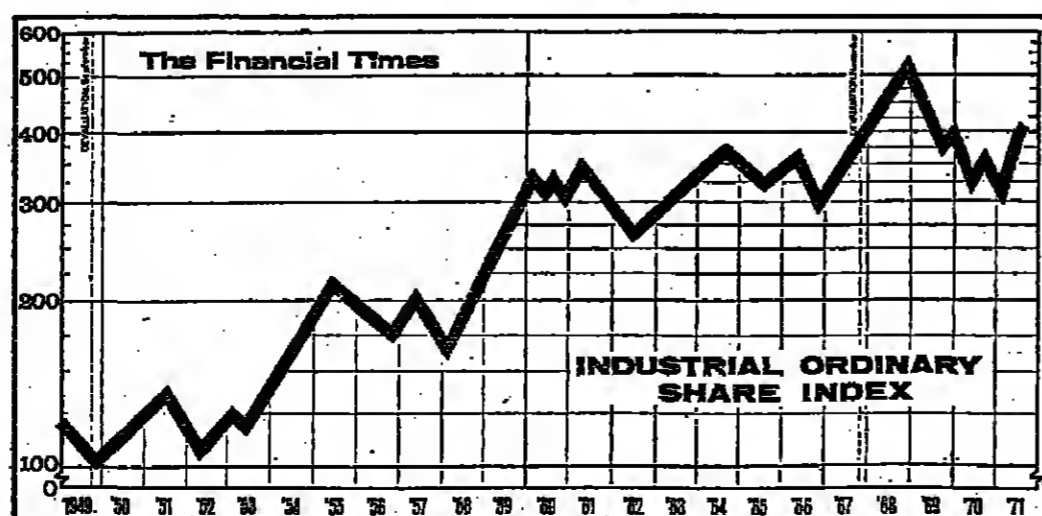
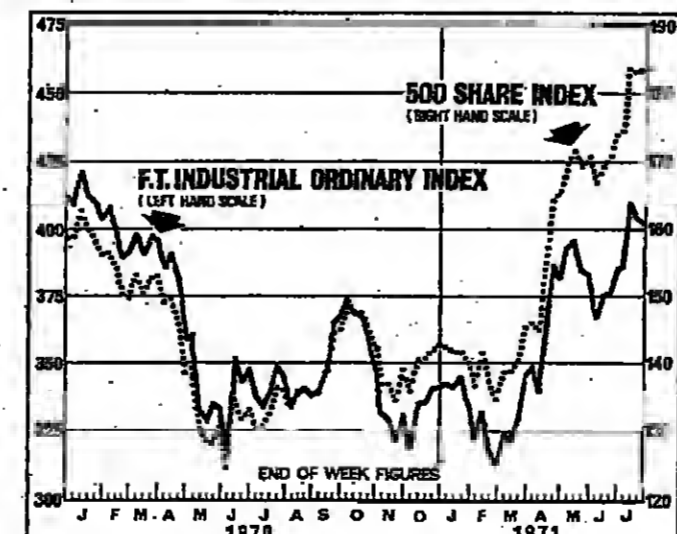
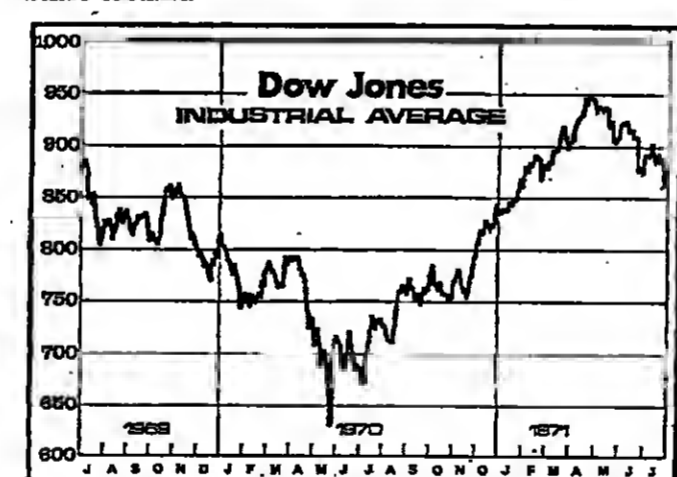
Technical analysis has been

much slower to develop in the U.K. compared with development in the U.S. Analysts in the U.S. have access to much more detailed information from stock exchanges, such as complete figures of turnover and the daily dealings of shares in chronological order. The analysts in the U.K. are developing their techniques with more emphasis on price and less on turnover and are on a par with their American counterparts in techniques.

Both approaches

The main difference between the U.K. and the U.S. is in the use made of technical analysis. It is not regarded as something opposite to fundamental analysis, to be used as an alternative approach, but that both approaches are used to complement one another. Brokers and institutions in the U.S. will either have their own technical analysis or have ready access to leading consultants in this field.

Graphs like these below are part of the analyst's basic toolkit.



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North Kalgurli	77½	38	- 51.0
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INVESTMENT SERVICES VIII

Clearing banks' advice continues to be broadly based

By FIONA HUNTER

The situation of the small investor is one of the most urgent, least popular and worst chronicled topics in the City today. Virtually the only general financial advice readily available to the inexperienced and unconnected is that supplied by their local bank manager, or perhaps solicitor. Where fortunes of £25,000 or over are concerned the newcomer may be quickly passed on to an investment specialist, such as a stockbroker or even a merchant banker. Or there are the clearing bank's own burgeoning investment management services departments, which for an official fee of around £2.50 per £1,000 will assume the management of portfolios of £10,000 upwards. But the individual of more modest means is confronted by mounting indifference on the part of most investment advisers, since it is widely held that the time and paperwork that are likely to be involved will not be sufficiently offset by the fee or commission receivable.

Tightening up

Even the banks seem to be tightening up their treatment of the smaller investor. Traditionally financial advice is one of the ancillary services offered free to attract deposit and advance business, but the National Westminster's recent decision to grant managers the right to impose consultancy fees indicates a shift of attitude. At least, however, it is still theoretically possible to obtain advice from the banks on the most suitable way of investing the humblest sum, in outlets ranging through investment and unit trusts, like policies, equities, gilt-edged securities and new issues to property and building societies.

Given that the banks are virtually unique in continuing to offer such a service the problem is that the variety of investment outlets and the other matters on which the bank manager may be expected to advise are increasingly diverse.

This means that it is hard for many of them to keep sufficiently abreast of changing circumstances to do a really good job.

In the latest edition of Barclays Bank Briefing ("a quarterly information service on money matters"), the chairman, Mr. John Thomson, recognises the fact that the local bank manager can no longer be expected to "pick up his own working knowledge of taxation, accountancy, law, real property and of all the other subjects on which his customers require advice. Nowadays promotion is so much more rapid and the field of finance so much more sophisticated that we must provide staff with specific training in these fields."

The establishment of training courses and specialists is certainly to be encouraged, as is the close communication between local directors and branch managers which Mr. Thomson claims for his group. But it clearly would not be economic to transform every branch bank into a financial supermarket, with a full complement of highly specialised staff, and it is hard for branches to spare existing top staff for more than a limited refresher or training course. (A Midland manager probably goes on about 4 courses in his senior life.)

The inevitable result of this is that the quality of the service available still relies enormously on the individual abilities and enthusiasms of the branch official. One City bank manager has personally helped a limited number of relatively needy clergymen for some years with results that would please almost anyone. Another bank recently consulted on the best way to invest a few thousand pounds to be sure to beat inflation came down firmly in favour of building societies. The investor in question in the latter case has a reasonable fortune in antique silver so an ultra safe investment was hardly necessary, and the bank's decision was reached after an hour's consultation,

which should have been sufficient for them to establish the main background.

Recommended list

In defence against stories of this type the banks can claim that the local branch manager is no more than a go-between. At his best he is there to apply "a supreme commonsense" and put Old Aunt Agnes in touch with the right advisers. So far as equity investment is concerned each branch of each clearing bank is usually issued with a short list of recommended stockbrokers by head office, and OAA can be sure that if she opts for equity investment at least the bank will find some stockbroker to handle her account. This type of business may be relatively unattractive for the broker concerned, but he will be compensated with other more lucrative bank business—and the banks have recently taken a tough line on withdrawing big deals from brokers who sought to shed the less attractive small stuff.

In most cases OAA will continue to deal with the broker

through the bank, which gets quarter of the broker's commission as its fee. Contact at one remove can bring certain advantages—the broker will accept business from an unknown client because he is guaranteed payment by the bank, the customer often prefers to deal personally with a locally situated professional rather than a strange voice at the other end of a telephone, and theoretically the bank manager can give the broker a better all round picture of certain customers' financial requirements than those customers could manage for themselves. At its best the system works well. Any decision by the customer can be instantly relayed to the broker—if necessary by telephone—and the transaction involved will be put through straight away along with the largest commissions from the biggest institutions. Unfortunately, however, it is all too possible for snags to occur, and since the bank customer often has no readily available alternative source of advice he has little defence even if he is aware of his problems.

One of the most obvious prob-

lems is that because of the relatively small sums involved, most brokers tend to staff their bank departments with the latest investment management recruits. This is all very well so long as a partner keeps close supervision, and new recruits can be exceptionally keen, but it does not inspire confidence. Another problem is that most bank portfolios are only reviewed at specific intervals—perhaps only once or twice a year. Unless the broker or the bank keeps a check list of what investments each client holds then vital opportunities may be missed.

Conservative bias

The defence against this is that the majority of bank customers cannot afford or do not want to take the high risks involved in rapid portfolio turnover, so they are not invested in stocks likely to need particularly close supervision. But the system does encourage a bias towards conservative investment decisions. Yet another problem is that the broker may feel less personal commitment to a client with whom he has no direct contact, and besides, he may

be kept lamentably short information by the client himself—he may send advice, rights issues or takeover bids but never know whether advice was accepted.

If advising small investors could be made more profitable for the adviser there is little doubt that more effort would be made to guarantee a go service. On the one hand it could mean radical changes a Merrill Lynch-type mass investment marketing operation on the part of brokers. On the other, there is scope for rationalisation in the system as now operated. Brokers could take closer interest in their branch bank customers; sorting out the best method of co-operation at keeping them up to date with circulars. One obvious anomaly is that each of the clearing banks uses a different method of settlement, involving a broker in different forms to in.

The use of computers should help brokers and bankers keep close track of the customers' fortunes and give them a better deal. It is in the mutual interest that this should happen.

Safeguards—(Cont'd.)

Continued from previous page

feels, it is up to shareholders to seek their own salvation.

Staying with the legal aspects for a moment longer, one area where investors enjoy a substantial measure of protection is in the unit trust field. Unit trust operations are closely controlled, and the legislation has so far proved highly effective. It is a tribute to the policing of the U.K. unit trust movement that ILL, the U.K. subsidiary of IOS, escaped almost entirely the backwash from the long-standing and widely publicised troubles of the parent.

Coming on to the internal policing carried out within the City itself leads to a look at the Stock Exchange. It does its bit in controlling the actions of companies whose shares its members deal. All companies seeking a quote for their shares must sign the General Undertaking, and abide by the "Rules on Admission of Securities for Quotation." The Stock Exchange requires highly detailed information of a company to be published when it first comes to the market, and in future years it has the (rarely used) sanction of suspension of a share quote if a company steps too far out of line.

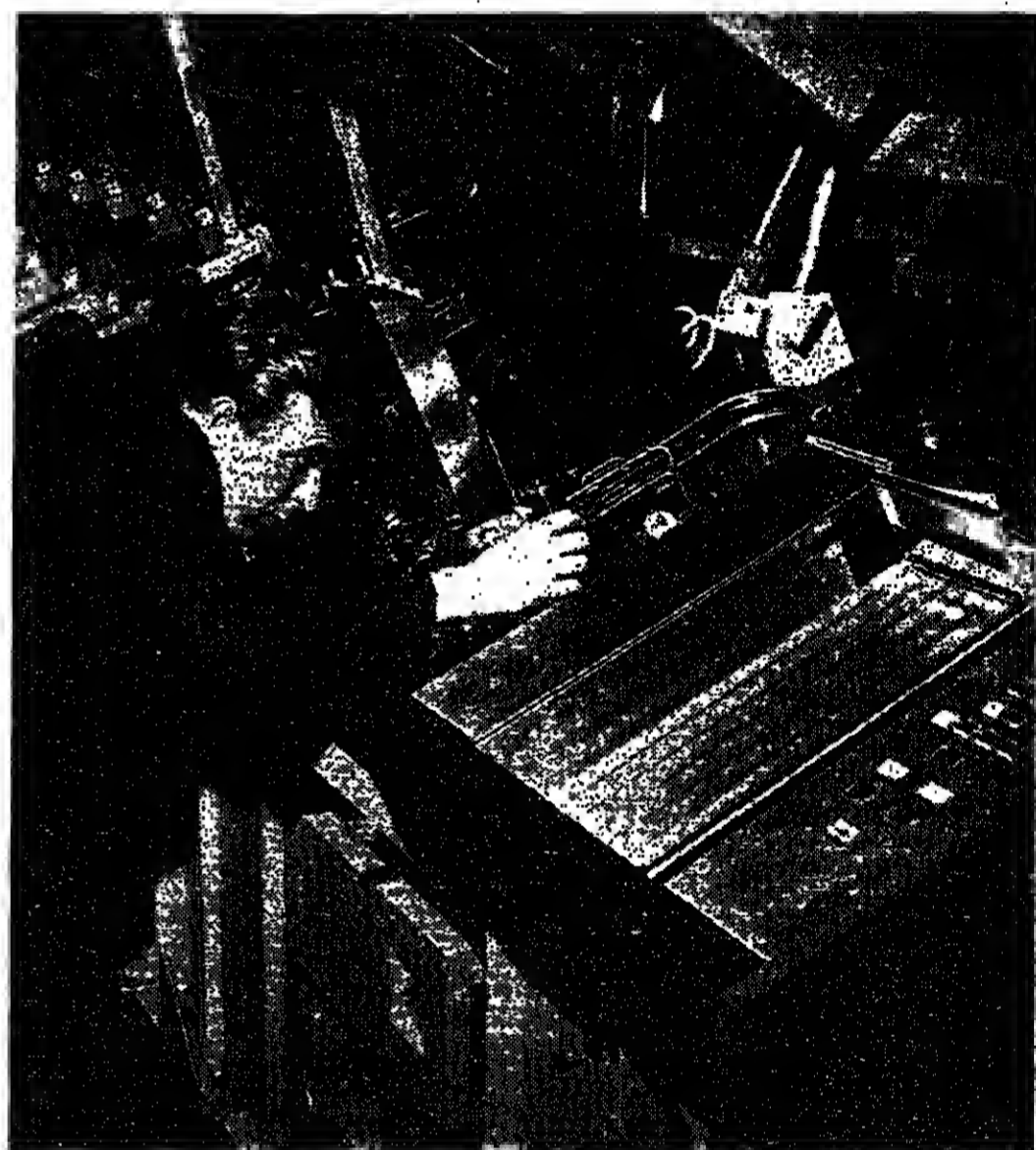
High standards

However it is in the control exercised over its own members that the Stock Exchange makes its real contribution to safeguarding the interests of investors. The Stock Exchange Council insists on high professional standards among its members, and there are rules governing solvency requirements of member firms to protect against members going broke. That even these may sometimes be insufficient has been proved recently by the number of "hammerings" which followed the hectic dealing in Australian mining shares during the boom and slump. However in each case all members of the public were fully compensated for any loss they had sustained (although there is no such protection for losses sustained by member firms as the result of a default on the part of another member firm).

Shareholders' interests are probably best safeguarded when their company is involved in a takeover bid. The City Panel on Takeovers and Mergers is now emerging as a strong police force to see that the rules are kept, and the rules themselves get gradually tighter as experience is translated into additions and amendments to the code.

Where shareholders have always been poorly served in the past is in influencing management on the running of the company, particularly when things are not going well. It is always difficult for a group of small shareholders, often unversed in protocol and tactics, to mount a determined assault on the boardroom. The shareholders are in a position to do so—the big institutional shareholders—have usually preferred the passive defence of selling out when things went wrong rather than actively seeking solutions to the problem.

Now, however, the small shareholder is getting much more assistance from his bigger brethren in terms of the protection of the value of his investment. The investment protection committees of both the pension funds and the in-



National Westminster and the Inter Bank Computer Bureau—which handle all transactions between the banks—each has an optical character reading system supplied by Recognition Equipment. Picture shows a field engineer adjusting paper handling equipment during the installation of an electronic retina computing reader.

surance companies are becoming more prepared to act publicly, and this is only the tip of the iceberg. Behind the scenes activity has been considerably stepped up to get boards of directors to toe the line.

This does not paint a complete picture by any means. The financial press for example, with its ability to publicise and criticise, is an important weapon on behalf of the shareholder in any number of circumstances. Just as important are the current attempts by the accountancy profession to get a standardisation of accountancy principles. Added to this is an apparent, and welcome, increase in awareness on the part of auditing accountants that their primary duty is towards shareholders and not to the board of directors, whose figures are being scrutinised.

No one would pretend that the whole system is perfect. Indeed even with the range of different safeguards which do exist, glaring deficiencies also exist, and occasionally become apparent.

But in many cases where a board of directors appears to be rail-roading shareholders, or acting in a fashion which is at best only loosely connected with shareholders' interests, the remedy lies to the hands of shareholders themselves. Many a crusader on behalf of shareholders' rights has found himself defeated by pure apathy on the part of those he is trying to protect. And it is hard to legislate to protect a man from his own apathy.

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Labour News

Government pay strategy faces attack at TUC

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE Government's handling of the economy, including its pay strategy and its policy on nationalised industries, will come under heavy attack at next month's annual Trades Union Congress in Blackpool.

The unions will also continue their rearguard action against the Government's industrial relations legislation, with one of the printing unions, SOGAT Division A, making a controversial proposal that any union which decides to register should be expelled from the TUC.

This will place some of the leading opponents of the legislation in some difficulty because however much they dislike the registration provisions, they are likely to take the line that it would be unrealistic to try to keep such extreme action against one union which feel that they have no alternative but to guster.

Alarm over the high level of unemployment has led to a state of resolution published in the preliminary agenda to-day in which unions again voice in general terms the TUC's much-pealed call for more expansionist economic policies.

ay settlements

At the same time, Congress will be urged to instruct the TUC's central council to make strong representations to the Government over its policy of trying to nil pay settlements in the public sector.

The level of unemployment in technological advances which cited as arguments for dueling the length of the work week, extending holidays and for lowering the retirement age.

The rising cost of living will be cited by unions to support demands that there should be a national minimum wage of £20 a 40-hour week.

The Inland Revenue Staff Association will lead an attack on recent and proposed changes to the tax system and will urge Congress to instruct the general council to "prepare a comprehensive...

Ryland for talks to-day on Giro pay row

BY OUR LABOUR CORRESPONDENT

R. BILL RYLAND, Post Office chairman, and Mr. Alistair Gibson, Civil and Public Services Association official in charge of the union's Post Office members, are meeting to-day to discuss the pay dispute leading to the strike by computer staff which from to-day will hit the Giro system.

Some 130 CPSA computer staff at the Giro centre in Loddon, Lancashire, have stopped work to-day and to-morrow. If no settlement is reached, they will strike for three days next week, and days the week after and then indefinitely if the dispute is still not over. As well as disrupting Giro, the strike is expected to hold up about 57 million of telephone accounts out weekly to customers.

In addition to the Bootle staff, some 220 CPSA members at three other PO computer centres in London, Edinburgh and Derby were due to stop work to-day until the union's pay row with the management is settled.

A restructuring of pay scales as given more money at the lowest point to a subordinate group of workers than the minor grade staff get on the lowest three points of their scale.

Winders' ban threatens pit production

THE National Coal Board has given a warning that an overtime ban by 85 winders, who operate the cages, could seriously affect production this week in the Doncaster area of the Yorkshire coalfield. The men are refusing to work week-end overtime because of a pay dispute, and this is affecting maintenance.

An overtime ban will also be operated from to-day at Billingham colliery, one of the largest pits in the Nottinghamshire coalfield. The men are demanding higher pay.

Prison officers awarded 12.8% pay increase

THE 11,600 prison officers in England and Wales have been awarded a 12.8 per cent pay increase backdated to January 1 this year under an agreement reached in negotiations between the Home Office and the Prison Officers' Association.

The Home Office explained that the increase, well above the Government's unofficial pay norm, was a direct consequence of rises already agreed in the pay of civil servants in other departments to which the prison officers' pay was linked.

The amount of the increase had been arrived at by an agreed method of comparability with other grades, which had been followed for more than 10 years. At the same time, prison officers had been granted improved pay for Sunday working which amounted to 1.3 per cent, of which other civil servants received in January, 1970.

The inclusive pay of basic rate officers has been £18.23 a week, rising by annual increments to a maximum of £24.85 after 9 years. The new pay scale will run from £20.59 a week to £28.48. Proportionate increases will be paid to other grades up to chief officer class I, whose salary is increased from £22,269 to £22,600.

Day off for Chrysler men

An enforced day off without pay awaits 1,400 Chrysler car workers in Coventry when they return from their annual fortnight's holiday to-day.

Day and night shift workers in the trim and final assembly areas at the Ryton assembly plant were being told they could not start work until to-morrow.

Output of about 700 Avenger saloon cars will be lost. The lay-off is blamed on the combined effects of the Coventry toolroom workers' pay dispute and a recent stoppage at Chrysler's plant in Scotland.

Scotch tax payments recover

FINANCIAL TIMES REPORTER

SCOTCH WHISKY made a spectacular recovery in May in its tax payment for the bottle market, after having been down every previous month this year on the same month of 1970.

These decreases were largely caused by heavy stockpiling ahead of wholesale price increases last October. But now these stocks have been cleared and in May 794,000 proof gallons of Scotch were paid for the bottle market, a 22.8 per cent increase on last May's 588,000 gallons.

The running total for the first five months of 1971, at 3.15m. gallons, is still 21,000 gallons behind the first five months of 1970.

Tax payments on immature spirits—chiefly gin and vodka—rose 12.4 per cent in May compared with the previous May and totalled 299,000 gallons.

Tax payments on immature spirits for the first five months of the year, at 1.54m. gallons, were 8 per cent up on last year. Tax payments on all home produced spirits in May, at 1.02m. gallons, were 19.6 per cent up on May last year. The five months' running total, at 3.38m. gallons, is only 1.7 per cent up on last year.

THE 1971 NATIONAL MANAGEMENT GAME

Rolls-Royce purrs to a £2½m. win

BY MICHAEL DIXON

THE national management champions of 1971 are Rolls-Royce (1971). After a seven-hour contest on Saturday five hard men from the financial controller's office of the company's Derby engines division received the silver championship rose bowl from Sir Gordon Newton, Editor of the Financial Times.

"It is a bigger filip than you could imagine," said Mr. Denis Thomas, who is 38 and leader of the winning team. When the computer-based business game started with 780 teams in January, even he could not have imagined just how gratifying a Rolls-Royce victory would prove.

"We have shown that our company is still on the map," Mr. Thomas added. "As for myself, I am delighted... and utterly shattered."

The results of the final, however, show that it was Rolls-Royce's three competitors who were shattered. The champions finished with a paper profit more than half as big again as that of the second team, Crossley Carpets of Halifax.

Serious

Third came Peat Marwick Mitchell, whose five players needed no reminding that one of their partners, Mr. Rupert Nicholson, was appointed receiver and manager of the old Rolls-Royce company. Mr. Nicholson was at International Computers' headquarters in Putney to see Rolls-Royce collect the trophy. "When I handed over in May," he said, "I thought I was doing my very best to show what a magnificent set of assets I was handing over. This result shows an asset that I didn't know about."

Fourth were Manganese Bronze Holdings.

Anyone who has played in the National Management Game organised by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales, knows that

Prices set

In every round, each team starts in an identical position, with the prices of its imaginary product standing at about £30. The team then decides what prices to set for the first trading period, and how much of its available finance to allocate to research and development, increasing production capacity, and marketing. The results of each period's trading are worked out by computer and the team

comes second, third or fourth—even out of an initial entry of nearly 800 teams—is no consolation. To a cold eye, running a paper company making and marketing an imaginary consumer-durable product may seem a light-hearted recreation for working managers. However, the business soon becomes very serious indeed to the players.

From the beginning they are organised in playing groups of three or four teams. These then compete against each other and against the economic model in the computer over a series of "plays" which represent successive trading periods. At the end of a round of plays the team in each group which has accumulated "the greatest net profit available for distribution" goes forward into the next round.

RESULT OF NATIONAL MANAGEMENT GAME, 1971

Finalists started in identical positions, with £17,717,050 total assets

	Cumulative profit after each "play" (trading period)					
	1	2	3	4	5	6
	£	£	£	£	£	£
ROLLS-ROYCE (1971)	237,840	817,380	1,523,940	2,104,180	2,289,410	2,496,080
CROSSLEY CARPETS	201,460	564,220	1,092,430	1,321,650	1,465,100	1,541,870
PEAT MARWICK MITCHELL	88,140	446,170	586,990	867,460	1,242,400	1,339,780
MANGANESE BRONZE HOLDINGS	11,990	406,600	752,030	703,560	781,460	976,740

night at ICL's training centre in Buckinghamshire. Observers remarked how well the players from different teams were mixing. When formal play began on Saturday morning one team, huddled round a bottle of Alka-Seltzer, declared that the previous evening's activity had not been simple conviviality, but a "systematic personality assessment" of their opponents' players.

The result was the firm conclusion that Peat Marwick Mitchell were the danger men. The other players seemed to have formed a similar high estimation of the accountant's abilities.

It was probably this pre-occupation with Peat's that allowed Rolls-Royce to establish themselves in an early lead. Peat's, on the other hand,

made another set of decisions for the next period, and so on. There are a number of different markets. For example, in a group of four teams market No. 1 is the "home" market of team A; No. 2 of team B; No. 3 of team C; and No. 4 of team D. Any team may sell in any market, but in its "home" market the team has the advantage of lower distribution costs. In addition each group has another market available. This is a free-for-all in which all teams compete on equal terms. This year's final round really started when the finalists met for the first time on Friday

customers." Manganese immediately raised their prices. Although they kept up their marketing, however, their price rise coincided with price cuts by everyone else. So Manganese were left with a warehouse full of unsold stock.

By the time they, too, escaped from the switchback, they were out of touch with the leaders.

The Manganese team chairman, Mr. John Neville—whom took part in the final only a few days after undergoing a serious operation—said their policy was to spend heavily on marketing and so win brand

apparently unimaginatively—pursuing their initial policy. "We concentrated on high marketing in our home market and the free-for-all," Mr. Thomas explained. "We started with reasonably high prices, and reduced them round by round as our increases in plant capacity and research and development expenditure brought our unit costs down."

Once Rolls-Royce had established a lead, this steady reduction of price levels proved an impenetrable defence.

Asked if they would enter the game again, Mr. Thomas said: "Absolutely definitely." The other finalists, though less ebullient, seemed of similar mind. "We not only got enjoyment and some useful publicity out of it," came a typical comment from a senior member of one of the losing teams. "Just look at my chaps. We started in January as six individuals who knew each other fairly well. Now we are working together like Siamese sextuplets."

New game

All of the 780 teams which took part this year—and, indeed, anyone else—will have another chance to become national management champions. After Sir Gordon Newton and Mr. Douglas Morpeth, president of the Institute of Chartered Accountants, had presented the trophy and individual prizes, Sir Gordon announced that the sponsors will run a third National Management Game for 1972. The entry list will open in the autumn.

The national championship, however, may not be the lushest prize in future. The British games have sparked off similar exercises overseas. Games are established in Denmark and Australia: one is about to be launched in Singapore; and plans are being made in other Western European countries. The sponsors are now hoping to have some form of international championship before long.

Relentless

The runners-up, Crossley Carpets, had by comparison a relatively smooth ride. Their mistake was to let their plant capacity fall steadily as the game progressed. At the end, although they had the cash resources to attack Rolls-Royce, they did not have the capacity to make the necessary number of products. "We made our attempt," commented Mr. Derek Stollery, the Crossley team chairman, "but Rolls proved to be too well set up."

The champions achieved this position by relentlessly—and

9% rise in builders' merchants deliveries

BY MICHAEL CASSELL

A FURTHER indication of increasing construction activity in Britain is provided in figures released over the week-end by the National Federation of Builders' and Plumbers' Merchants.

The Federation reported that, in the first five months of this year, deliveries of materials to building sites showed a rise of 9 per cent over the corresponding period in 1970. Deliveries in May were, on average, up by just over 7 per cent, on the same month last year, in contrast to figures for April when the rise was confined to a little more than 2 per cent.

These encouraging figures follow Government statistics published at the end of last week which provisionally estimated that new orders taken during May were up 11 per cent on last year's level. At the same time, it was shown that private house-building activity in June had reached its highest point for at least two years.

Activity has been improving during the year in the non-authority building sector—with the exception of housing.

But a major improvement in the volume of private industrial work being undertaken is still awaited.

Commenting on the latest order figures, a spokesman for the Builders' Merchants said: "A 9 per cent rise over the first five months of the year gives us cause for cautious optimism, especially as all regions show some degree of improvement."

The Federation's latest statistics show that there were extensive regional variations in the upsurge. Increases ranged from 13.5 per cent in the South-West and Wales to only 2.7 per cent in the North-West. Nearest to the national average was London and the South-East with a rise of just over 10 per cent.

In May, activity rose by 19.5 per cent in the South West and South Wales while orders fell by over 2 per cent in the North West. Again, London and the South East came nearest to the national average of 7.3 per cent for the month with a rise of 7.2 per cent.

The Federation, which represents 95 per cent of all merchants, bases its findings on the adjusted value of materials and products delivered to building sites.

Pressure for increase in U.K. newsprint prices

FINANCIAL TIMES REPORTER

PRESSURES are building up for an increase in the price of newsprint in the U.K. following rises announced in North America.

Reed International declared last night that there would certainly be an increase in the cost of newsprint in 1972. In North America, Anglo-Canadian Pulp and Paper, which is part of the Reed Organisation, has already announced an increase of \$8 a ton.

This same rise, to \$168 a ton from November 1 for newsprint in North America was announced yesterday by Bowater Inc. It has not yet been decided whether the Bowater newsprint imported by the Bowater Paper Corporation to the U.K. will be raised in price. Mr. Jack Miles, the company secretary, said.

British newsprint manufacturers, who are very anxious about cost pressures, would dearly like to follow the rising Canadian price trend, but Scandinavian importers to the U.K. hold the key to the situation.

The Scandinavians who, together with the Canadian producers, account for more than half of the U.K. market, have stated that their prices will not rise in 1972.

No secret

It is no secret that when U.K. producers last wanted to raise their charges, at the beginning of 1971, the increase was halted to £3.50 because of fear of Scandinavian competition.

A statement from the Scandinavian countries about their intentions on the prices front in 1972 is expected in the near future and this will give British manufacturers an idea of the limits within which they will be able to operate.

Midland Bank turnover index up 12 points

THE Midland Bank Index of Business Turnover (1968=100) rose by 12 points to 110 during the second quarter of 1971. The seasonally-adjusted index rose by 13 points and, at 143, compares with 127 for the second quarter of 1970.

The regional indices (1968=100 and not seasonally-adjusted) all increased, ranging from three points for London to 32 points for the south-east. The index for East Anglia rose by 28 points, and that for the south-west by 36 points.

The slight fall in the seasonally-adjusted index in the first quarter was thought to have been associated with the postal strike and the sharp rise in the second quarter is consistent with this explanation.

Government looking again at health charges

BY OUR LOBBY EDITOR

THE GOVERNMENT is taking a second look at the problem of National Health prescription charges, following the intense opposition of doctors and pharmacists to its earlier suggestions for basing the charges on the cost of the medicines supplied.

Ministers recognise that it would be difficult to operate a "cost-related" scheme in the face of this opposition. They are therefore studying three possibilities:

- 1—An entirely different method of relating charges to the real cost of prescriptions, or;
- 2—Periodic increases in the flat rate prescription charge, now 20p an item. Such increases would have to be large if they were to produce the savings envisaged under the Government's original proposals;
- 3—Leave the charges as they are.

It was said yesterday that no decision had yet been taken or which of these courses to adopt. It was unlikely that anything would be announced until later in the year.

If it's sweeter than Dry Sack it's sweet.

If it's drier than Dry Sack it's dry.

THE HAPPY MEDIUM SHERRY

Dry Sack, enjoyed by more people in more countries than any other sherry in the world. From Williams & Humbert, Jerez & London.

Western Mining prompts some red faces

Lonrho's gold

Mount Isa (now MIN Holdings), their faith was certainly justified. But he would be a bold investor indeed who would rush to buy Western Mining this morning.

Shareholders can, however, derive a little encouragement—and they sorely need it—from the thought that the big Ashanti gold operation in Ghana should be deriving considerable benefit from the recent sharp advance in the free market bullion price, now at its highest for two years. The July profit figure, due in a few days, will be awaited with interest.

Tara tremors

On Friday they were 725p after fluctuating over the week between 700p and 765p. Their best to date was 765p, the high set at a when the Irish Navar zinc-lead find in Ireland first came to light last November.

I gather that margin selling in Toronto has been playing some part in the fall. According to Dublin reports, drilling at Navarar—he bearing 150—has still not found the edge of the orebody. And many Toronto brokers on stock exchange make one bull case for the shares based on profit estimates when the mine is eventually brought to production.

RTZ probed

Finally, shareholders in Rio Tinto-Zinc Corporation should endeavor in bed, borrow or steal a 54-page analysis of this worldwide group compiled by brokers W. Greenwell and Co. It is the most detailed probe into this much-probed company that I have seen. The conclusion reached is that if 1971 results are poor, as the brokers expect, and the share price falls towards the 1971 limit (that to date is 210p) then RTZ should be a "most advantageous purchase." Current price is 234p.

over

the rules in Regulation 6 concerning the display of copy certificates will not come into force until January 1, 1973; an earlier operative date would involve insurers in issuing certificates for all policyholders as and from

January 1, 1972. Despite the time lag in bringing into operation Regulation 6, the employer will

As I have said, employers not exempt from the Act who have no insurance at the present, will have to arrange for cover to commence by January 1 next; any employer so insuring for the first time as and from January 1 next will get his insurance certificate straight away. Inadvertently, failure to insure, by virtue of Section 5 of the Act, involves a possible penalty of

£200 a day.

Uncertainty

Hitherto insurers have provided unlimited liability cover and some may go on doing so, depending on their reinsurance arrangement. But Regulation 3 of the General Regulations requires that the employer insurers only for £2m, so may be that, as policies fall due for renewal, some insurers will endorse existing policies with this new statutory limit, which except in a catastrophe of the most appalling dimensions cannot, at the present level of injury damages, reasonably be within contemplation.

Despite the provisions of the Act and the details of the regu-

For example, if an exempt employer buys insurance does he have

to have a certificate, and must he display it? Moreover, if he insures exempt employees, can insurers issue him with a policy limited, say, to *lim. indemnity*? Perhaps by the end of the year some of these problems will have been resolved by further discussion between insurers and the Department of Employment.

London tea sales

At the tea sales held in London last week 32,144 packages sold realized an average price of 43.8p per kilo against 42.7p at the previous sale. The 1970-71 year's plan tea was quoted at 35.0p.

	Quoted at	Kilos per kilo
Anglo Highland Prod.....	35.25	41.0
Aspin-Coylen and Gen.....	33.08	45
Balmoral.....	13.29	44.4
Blythe.....	21.98	47.75
Dunelmara.....	5.41	31p
Covent Airia.....	5.56	40
Central Provinces.....	21.24	44.5
Ceylon Tea Planta.....	59.91	44p

Cholo	25.847	471p
Consol. Estafes	5.743	454p
Demodora	2.399	424p

Species	Valley	2,114	59
Hummingbird	Product	2,254	25
Keena		59,247	484
Lacks		17,080	50
Lideri		62,933	43p
Lideri		18,570	50
Mayfield		6,232	46p
Namunakula		15,169	44p
Namunakula		9,908	46p
Nunara Eitya		15,465	46p
Ouvah		24,160	44o
Pundolara		4,560	50p
San Esteban		29,696	46p
Sec. Tea and Lanes		20,738	46p
Buret		3,173	50p
Standard		15,197	44p
Standard		62,941	46p
Talawakete		1,707	54p
Talawakete		23,610	47p
Thordide		16,779	46p
Tukuru		55,908	46p

Stock at July 23 amounted to 65,871 metric tons compared with 40,163 metric tons at July 24. Converted to 49,258 kilocal.

Ref. No. 1046

Eagerness to go on holiday

BY WILLIAM LOW

IT is with more than usual eagerness that many Eurobond operators are preparing to go on holiday this month—the traditional "breathing space" in the market. As a result of the currency upsets earlier this year, the Eurobond market, especially the dollar sector, has undergone one of the most testing periods in its short life and some participants show definite signs of strain.

The chief victim of the monetary upheaval has been the secondary market for dollar bonds. In fact it would not be unreasonable to say that the secondary sector is currently facing its most serious crisis in its history. The market is particularly quiet at this time of the year, but the current point in time with more detail within the next week or so.

As regards the new issue market, there is little sign of any appreciable slow-down in the flow of offerings—quite the contrary. At least one issue in the \$100m. range will be announced this week while rumors persist of a \$500m. plus flotation by one of the largest of American companies.

In expectation of a continu-

ing large volume of new loans, holders of bonds have been off-loading part of their portfolio in the past week. The bond index for medium and long-term bonds are now just above their low points for the year and are likely to decline even further in coming sessions.

A good example of how Eurobond "experts" can misjudge completely the market is provided by the fixing of final terms on the \$25m. convertible issue by Beatrice Foods. The managers, led by Kidder Peabody, have set the coupon at 6 1/2 per cent, issue price at par and conversion premium at \$3.95 per cent. Yet during last week, some "experts" warned that the coupon would have to be at least 6 1/2 per cent and the conversion premium under 5 per cent before the issue could succeed.

So much for the "experts" and their prophecies. What is probably the success story of the week is the \$15m. Sterling/D-Mark loan by ICL. Reports of dissatisfaction among some German banks had no effect on the issue which was well oversubscribed, about 75 per

cent of subscriptions coming from outside West Germany. Pricing of the 8 per cent bonds will be to-morrow, with 88 1/2 per cent considered the most likely figure.

A spokesman for S. C. Warburg, the lead manager, commented: "In our view, the reason for the outstanding success of the issue is the outstanding reputation of the company." While I would suggest that the managers played a not inconsiderable role in the issue's favourable reception, there is little doubt that ICL has shrugged off any ill effects caused by the withdrawal of its \$30m. Euro-dollar loan last March.

Meanwhile, D-Mark bonds issued by non-German borrowers retain their popularity, one of the main reasons being that many investors expect a formal revaluation of the Mark of more than five per cent. As my colleague, Christopher Lorenz, reported at the end of last week, the German Capital Committee has allowed two foreign D-Mark offerings to come to the market between now and the next committee meeting on August 18.

LTV net loss tops \$25m.

By Our New York Staff

NEW YORK, Aug. 1. DESPITE an apparent net profit during the first half of this year, Ling-Temco-Vought, the troubled U.S. conglomerate, reported a net loss for the first six months, reflecting its sale of stock in Braniff Airways.

LTV had an operating net of \$10.5m. during the first half of this year, compared with a restated operating loss of almost \$16m. during the same period last year. The operating net for the second quarter was \$9.07m., versus an operating loss of \$8.37m. for the second quarter of 1970.

Net loss for the first half of this year, however, was \$25.5m., against a restated net loss of \$25.5m. for the first six months of 1970. Net loss for the second quarter was \$22.2m., after extraordinary charges of \$3.7m. for provision for additional reserves of \$3.7m. relating to the disposition of Braniff. The restated net loss for the second quarter of 1970 was \$10.5m.

IN BRIEF

DRESDNER BANK reports profit during the first half of this year, but says it cannot forecast whether this pattern will continue in the second half. Balance sheet total of \$1.2 billion, up from \$1.1 billion at the end of the year, while the volume of business was steady in the first half of 1971. The margin between interest received and paid was DM315.4m., just over 18 per cent higher than in the same period last year. Personnel costs were up by over 15 per cent, however.

RHONE-POULENC said the boards of two of its subsidiaries, Progil and Pechiney-Saint-Gobain, agreed in principle to the merger of the two companies as Rhone Progil, with a turnover of over Frs.4,000m. a year.

THE NEW YORK TIMES net income fell from \$6.49m. to \$4.62m. in the first six months of 1971. This shortfall in profits occurred despite an increase in revenue from \$139m. to \$142.23m.

NABISCO CO. is looking at the possible acquisition of a sizeable food firm in Europe, Chairman Lee S. Richmond said in an interview. He declined to identify the firm or its location except to say that it was not in Germany.

ALCAN ALUMINUM consolidated net income fell to \$17.4m. in second quarter of 1971 from \$24.3m. in second quarter of 1970. In spite of a decline of 22 per cent, second quarter net income per common share, after providing for preferred dividends, was \$1.00, up from \$0.95 a share in 1970. On outlook for second half, company foresees reasonable volume, but anticipates unsatisfactory prices for input products continue to affect earnings unless these realizations can be improved.

MADRID STOCK EXCHANGE PRICES

		Percentage of par values (Ptas.500)		Week's Change	
		High	Low	Close	Div. Yield %
Name of stock					
Alcos Tornos de Vizcaya	98	95.50	95	95.50	3.75
Banco Central	919	90	91	91	1.30
Banco de Bilbao	838	837	837	837	1.65
Banco de Vizcaya	767	767	767	767	1.85
Banco Esp. de Credito	682	682	682	682	1.65
Banco Exterior de Esp.	385	385	385	385	2.35
Banco Hisp. Americano	703	703	703	703	1.65
Antillas de Ferrocarriles	326.5	326.5	326.5	326.5	1.50
Cia. Industriales Agricolas	289	289	289	289	2.95
Cia. Espanol. Petrol.	389	389	389	389	2.50
Cia. del Nitrogeno	129	129	129	129	5.50
Cia. Sev. Electricidad	223.75	223.75	223.75	223.75	4.25
Cia. Telefonos de Espana	355	355	355	355	2.75
Dragados y Construcciones	575	575	575	575	4.50
Ebro Azuc. Alcoholes	710	692	692	692	1.95
Espanola del Zinc	125	125	125	125	1.00
Fuertes Elect. Cataluna	222.5	221	221	221	1.50
Generales de Espana	314	314	314	314	3.65
Hidroelectricas Espana	223.75	223.75	223.75	223.75	10.00
Industria	237.75	237.75	237.75	237.75	1.50
Union y el Fenix Esp.	612	606	612	612	1.00
Min. Sid. de Ponferrada	133	133	133	133	6.66
S.A. Cros	185	185	185	185	5.10
El Aguila	280	289	289	289	2.35
S.A. Auto. Turismo	75	75	75	75	1.00
Antillas de Espana	75	75	75	75	5.65
Sad. Mat. Duro Felguera	74	74	74	74	5.00
Sad. Mat. Ind. Aplicacion	145	144	145	145	8.00
Celulosa Esp. Sniace	264	264	264	264	10.30
Union Explosivos R.T.	815	807	815	815	1.32
Sinagor	815	807	815	815	1.32
Par values: Ptas. 500 except *Ptas.250, *Ptas.150, *Ptas.1,000.	Source: Banco Central Madrid.				

AUSTRALIAN WEEKLY LIST

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

African soft loan plan

BY OUR OWN CORRESPONDENT

KAMPALA, August 1. THE AFRICAN Development Bank ended its annual meeting here to-night approving resolutions for a new drive to reduce arrears of subscriptions by African countries and urging the early establishment of a new African development fund to channel soft loans from developed countries to developing countries in Africa.

On the vexed question of overdue subscriptions it was agreed that voting powers should be reduced in relation to subscriptions unpaid. Proposals to open the Bank's capital stock to non-African countries were studied because African resources will be exhausted by 1973.

Investment & Premium 22 1/2% (same)

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

TORONTO

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

MONTREAL

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

PUBLIC UTILITIES

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

TRUSTS, BANKS & BONDS

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

CANADIAN WEEKLY LIST

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

SINGAPORE

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

HONG KONG

		July 30		July 25	
		High	Low	High	Low
Name of stock					
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50
Admiral Newspaper	1.50	1.50	1.50	1.50	1.50

JOHANNESBURG

Levinson Mattress.....	45.50	45.75
Levinson Insurance.....	48.00	48.00
Mail In Central Bank.....	17.50	18.10
Rubber Trunk.....	11.20	11.30
San Miguel Brewery.....	84.00	86.00
Staten Walker.....	41.00	42.00
Southern Textile.....	15.50	15.50
Taylor Dockyard.....	118.00	119.00
Textile Alliance.....	20.00	20.10
The Corp of Hong Kong.....	6.75	6.80
Werner, Manden.....	15.50	17.00
Winnor Industrial.....	16.80	16.40
Wynner.....	11.00	11.10

PARIS

July 30	Percent Frs.	+ or -	High.	Low.
Rentons Sape 1952.	178.9	+0.8	6.5	2.0

AUTHORISED UNIT TRUSTS (p.33)

Yield %	Yield %	Yield %	Yield %
(g) Abscon Management Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(h) Equity & Law Unit Tr. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(i) Mallet & Wedderburn Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(j) H. J. Schroder & Co. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40
(k) First Provincial Group P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(l) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(m) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(n) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40
(o) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(p) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(q) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(r) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40
(s) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(t) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(u) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(v) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40
(w) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(x) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(y) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40	(z) G. & A. Unit Tr. Mgrs. Ltd. P.O. Box 100, London, E.C.2 Unit Price: 55.67, 57.40, 58.20 Dividend: 5.00, 5.40, 5.40 Next dividend: 5.40, 5.40, 5.40

FINANCIAL TIMES STOCK INDICES

FRANCE, PROPERTY, BONDS	Growth & Sec. Life Ass. Soc. Ltd.
\$ Yield %	United House, W.I.L. 61-229 6189
Life Assurance Co. Ltd.	W&S Super Fund 1005.6 —

HOTELS AND CATERERS—Continued

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11

CASHMORES
for
Steel

Lombard

Free vote would be another charade

BY C. GORDON TETHER

THE FACT that the biggest support for the idea of a free vote in the Commons on British entry into the EEC comes from committed Tory anti-Marketters may create the impression that a decision to indulge dissident voices on both sides of the argument in this manner would ensure a more democratic outcome to the Great Debate than the "whipped vote" Mr. Heath is at present insisting on.

It has to be recognised, however, that they have a special reason for wanting this, seeing that without it they could conceivably ultimately find themselves having to choose between deserting their cause in its hour of greatest need and signing the death warrant of their own Government. Much more relevant I would have thought, is the striking evidence provided by the free vote on capital punishment a few years back, that once the party line has been established—as it has been in the EEC case—the general run of MPs find it next to impossible to resist the pressure to line up behind it whatever the weight of the considerations compelling them to do otherwise.

Pertinent

There was just a chance of Mr. Heath sanctioning a free vote on the EEC issue, said a recent newspaper report, explaining that Ministers saw among its attractions the likelihood that it would produce a bigger majority for entry. The implication that it would have the same appeal to them if there was any risk of its producing the reverse effect brings one thing out clearly. This is that, if it does come to pass, it will not be as a result of the Prime Minister's helmed conversion to the proposition that MPs must at all costs be given maximum freedom to respond to the wishes of their constituents in a matter of such transcendental importance for their future.

This is itself a pertinent commentary on the claim that a free vote could be relied upon to strike the right democratic balance between a whipped vote and referendum. The outcome of the so-called free vote on capital punishment is no less instructive. On that occasion two out of every three Conservatives voted for retention of the death penalty whereas, of the 240 Labour votes cast, all but one—yes, a mere one—were for abolition.

Their images

It would, of course, be absurd to suggest that, in a matter cutting so much across Party lines and on which the public held strong views, you could get a disparity of this size and nature between the behaviour of the two factions if all MPs had been carding themselves as completely free to vote in accordance with their consciences, constituents' attitudes or any of the other non-party considerations that are supposed to shape their attitudes in such circumstances.

Quite clearly, the one thing that could have resulted in Labour MPs voting as a man for a seemingly non-political proposition must have been concern for their political images. And there can be no doubt that the same factor would similarly influence a free vote on the Common Market.

Committed

It might have been different if the Government had stuck to the terms of the Tory election manifesto and, having discovered what the EEC countries would be prepared to accept, had come to Parliament with an open mind for its opinion. But in the event, it has committed the Party and its reputation in such degree to entry on the terms negotiated by Mr. Rippon that Conservative MPs would be certain to approach a free vote on entry into EEC in much the same spirit as Labour MPs did the free vote on capital punishment.

In short, except for those who, like Mr. Neil Martin, have already irretrievably identified themselves with the anti-Market cause, Tory MPs can be expected to respond to the party's call for support for Mr. Heath whatever their personal feelings and the attitudes of their constituents and whether or not they are under the discipline of the Whip.

In other words, a free vote would be a travesty of the real thing. Even a referendum could hardly do democratic justice with the scales weighted as heavily in the pro-Market favour as they must be with the media so much on their side. But it would be the nearest we could get to that ideal now.

THE LEX COLUMN

The thesis of the shift toward thrift

One explanation why the "rules of economics are not working in quite the way they used to" in the U.S., as Dr. Arthur Burns complained last week, could be that psychology cannot be programmed into the rules. But Burns' conclusion will come as no surprise to Professor Hyman Minsky to judge by that article of his on the U.S. recession for the London and Cambridge Economic Bulletin in July last year.

The crux of his thesis was that the mild U.S. recession visible at that time would run into a second wave that the economy would be "depressed" during the first half of the decade, and that the reason for this would be a large-scale shift towards thrift by both households and corporations.

With a personal savings ratio at 8.4 per cent, the highest for many years, taken together with the latest batch of sluggish economic indicators, Mr. Minsky's thesis looks more likely every day.

As far as corporations are concerned we have a projected

drop of 4 per cent in capital investment in 1971 from the 1970 peak. This itself would typically prove optimistic, but in any case the move towards thrift by companies is more apparent in the attitudes of corporate treasurers to funding: 1970's leap to \$30,000m. in total corporate bond issues, from an average of about \$18,000m. in the previous three years looks as if it will be easily overtaken this year. Meanwhile the ratio of U.S. corporate debt to pre-tax profits is pushing past seven times as against the 5:1 or so which tended to prevail before 1968. At some stage the debt ratio must act as an incentive to thrift.

There are a number of economic parallels in the U.K.—the current savings ratio being the highest since 1963 for example, a similar unemployment picture and high unit cost redemption levels. However a great deal of reflation built into the economy was not due to be operating until just about now. The high savings ratio here can therefore still be argued as a

bull point for both the economy and stock market prices. But it will be no surprise if the equity market sees fit to pause (or react) for a number of weeks now, while it seeks proof that the consumer will indeed use his extra speeding power. A distinction can be drawn between the U.S. and the less advanced consumer economies of Britain and elsewhere. Yet in psychological terms the same kind of anti-materialist, pro-environmental trends as in the U.S. are apparent here and elsewhere. The horse cannot be made to drink.

Process plant

Analysts of process plant expenditure need to be thick-skinned—witness the reaction from last year's optimism following a depressing succession of cutbacks by ICI, BP and Shell Chemicals—and they need to be flexible with, for example, roughly £250m. of petroleum refining work alone currently awaiting planning permission. All the same, the BSC's capital

expenditure plans a month ago brought one gleam of light, and now Hoare and Co. Government are projecting an increase of around 8 per cent in the current year's steel and process plant spending and a firm capital investment background through to around 1974.

Relating overall expenditure levels to individual contractors and fabricators is complicated by contract completion times and earnings trends which have tended to be distorted by major loss-making projects, or accountancy changes as with Woodall-Duckham and more recently Davy-Ashmore. Moreover U.K.-owned contractors have a limited slice of any available cake, with the U.S. being dominant in refinery construction work and, to a lesser extent, in organic chemical projects, which accounted for over a third of the increase in value of U.K. chemical plant projects over the 1960s.

Contractors do not have to be stuck with a depressed

speciality—note Woodall-Duckham's diversification away from gas plant and coke ovens over the past five years. But licensing arrangements must be a major limitation to this sort of adaptability, considering that nearly half U.K. process contracts by value between 1960 and 1966 were using overseas know-how.

At present there seems to be no consensus within the industry about workloads over the next couple of years. Where there does seem to be unanimity among the fabricators, however, is in the marked improvement in contract terms and progress payments since around the beginning of the year. This is a crucial change, for Hoare's model of the sector shows that well under half the increase in the use of funds table between 1965 and 1969 was internally financed.

One example is steel supplies, where until recently the maximum that most major customers would concede was 80 per cent of the value of steel on delivery to the fabricator. Now, 100 per cent payments have been nego-

tiated and 90 per cent down with faster payments on the balance is apparently quite common. In Whessoe's case, where the value of work done in a year is very roughly £30m. of which as much as half may be raw materials, the improvement could be enough to eliminate short term bank borrowings.

Hoare's investment case is based on the view that gloom about capital expenditure levels may have been overdone and on the noticeable change towards a financial—as opposed to an engineering—orientation within many of the contractors and fabricators. Yet they are going to need all the financial expertise they can get as jobs get fewer, bigger and riskier—ethylene plants, for example, have more than doubled in size over the past decade. Meantime it is worth noting that the sector's share price strength since Hoare did its sums—led by Whessoe, which has doubled in the past couple of months—still forms no more than a pimple in a long-term downward trend.

Strike likely to close Tyne yards of Swan Hunter

BY OUR OWN CORRESPONDENT

SOUTH SHIELDS, Aug. 1

PRODUCTION at the five Tyne shipyards of Swan Hunter is expected to be halted very soon after they reopen to-morrow following the annual fortnight's holiday because of an unofficial strike by nearly 3,000 ancillary workers which threatens the jobs of 10,000 men in other trades.

At a specially called meeting at Wallsend to-day the ancillary workers reaffirmed that they will go on strike to-morrow in support of a pay claim and rejected a union move to avert the stoppage.

The strike means that the yards could well be closed again to-morrow night or within a day or two. Without the ancillary workers—who include crane-men, stagers and labourers—to support the craft trades, production will be quickly disrupted.

The ancillary men gave notice of the strike three weeks ago after negotiations had broken down on a claim for immediate substantial pay increases—to offset the rise in the cost of living—in advance of their present agreement expiring in December.

They were called to the meeting to-day as their holidays

ended to hear from Mr. Ken Baker, national industrial officer of the General and Municipal Workers' Union, that the Swan Hunter management was now prepared to enter into immediate negotiations to settle a new pay deal to replace the present agreement.

Big majority

Mr. Baker urged the men to accept the offer so far made by Swan Hunter under the present agreement giving average increases of £1.10 for the various grades and to report for work as usual to-morrow. He stressed this would enable the union to begin negotiations immediately on a new deal. But the 1,200 men who had turned up for the meeting threw out the idea by a big majority and said they would still strike to-morrow in support of their demands.

In the negotiations which have taken place Swan Hunter has offered a basic pay of £20.17 for the top grades of ancillary workers. While this gives an increase of £1.10, it still falls well short of the new basic of £21.40 recently conceded to the

top ancillary groups in Tyne ship repair yards. The shipbuilding men also want this latter figure as their top basic.

After the meeting Mr. Baker said he had pointed out to the men that their present claim had to be seen against the fact that Swan Hunter had lost £10m. on shipbuilding in the last two years.

"I also stressed the precarious position in which the industry generally finds itself and touched upon the situation on the Upper Clyde," he went on. "I think our members, however, are well informed on what is happening. I hope they will reconsider their position so that we can begin negotiations with Swan Hunter."

Unless there are any developments the men are not expected to meet again until Friday. The situation is being discussed by the Swan Hunter management to-morrow. Mr. Tom McIver, deputy chairman, said to-day that it would be difficult to keep the yards open. The strike was irresponsible, as by wanting more now the men were breaking their present agreement, which still had five months to run.

Davies bomb attack: new check on security

By Michael Cassell

MR. REGINALD MAUDSLING, Home Secretary, will this morning meet Sir John Walder, Metropolitan Police Commissioner, to review security precautions for Government Ministers following Saturday's bomb explosion at the London flat of Mr. John Davies, Secretary for Trade and Industry.

As Mr. Davies drove under police escort from his Cheshire constituency to London last night, Scotland Yard detectives, under the anonymous senior officer in charge of the hunt for the "Angry Brigade," began their investigation into the incident, in which a woman was injured.

Mr. Davies told reporter waiting at the flat in Riverbank Court, Fulham: "It looks very messy I am bound to say, but I do not think there is an enormous amount of damage."

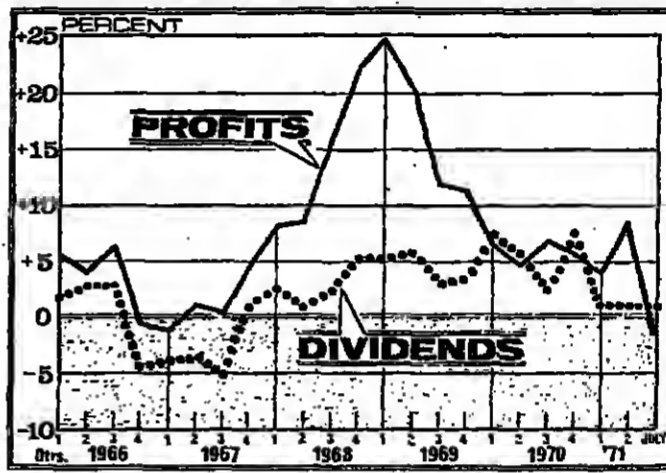
It was reported that all the windows of his eighth-floor flat were shattered and the hall and front door badly damaged.

Soon after the blast, the London office of Associated Newspapers was panned by a man claiming the bomb was planted by the Angry Brigade.

A hospital bulletin on Mrs. Elizabeth Wilson, housekeeper in a neighbouring flat, said yesterday that she was well and cheerful following an operation to remove metal fragments from her legs.

Industry profits down 1.8%

FINANCIAL TIMES REPORTER



PROFITS of industrial companies reporting in July showed a decrease of 1.8 per cent on the level of the previous year, according to the Financial Times analysis of company reports.

This is the first fall recorded in the current year and compares with an increase of 5.8 per cent in June and an average rise of 7 per cent for the first six months.

Difficult trading conditions in the Paper and Packaging sector, where companies such as Wiggins Teape and British Sidco reported sharp profit setbacks, were the major factor behind the reversal in the upward trend.

Other notable companies reporting lower figures included Courtaulds, Laporte, British and Commonwealth Shipping, and De La Rue.

Despite evidence of the continued pressure on profit margins in U.K. industry, dividends again showed a slight increase on the year-ago figure.

The increase of 0.5 per cent over July 1970, was, however, less than the average increase of 0.9 per cent for the first six months and well down on the exceptional jump of 5.9 per cent in June dividends.

Decisive Senate vote on Lockheed loan to-day

BY GUY DE JONQUIERES

WASHINGTON, August 1

THE LOCKHEED loan guarantee legislation goes before the U.S. Senate to-morrow for what now seems certain to be the decisive vote. Whichever way the vote goes, it is expected to be very close indeed and may ultimately hang on the decisions of as few as three senators.

The knife-edge on which Lockheed's fate sits became clear late on Friday evening, when the House of Representatives approved a Bill to provide the company with \$250m. in loan guarantees by the narrowest of margins—193 to 189.

The House Bill is restricted to aid to Lockheed, as is the proposal before the Senate. Both Chambers of Congress agreed at the end of last week to abandon the "broad" legislation to set up a \$2,000m. corporate assistance

fund favoured by the Nixon Administration.

Lockheed's supporters in the Senate believe that the broad legislation stood a better chance of approval than the narrow Lockheed Bill. However, their attempts to bring it to a vote were repeatedly frustrated by the filibustering tactics being used by opponents.

Sen. Alan Cranston, one of Lockheed's main backers, predicted this week-end that to-morrow's vote will be very close but said he thought it would be favourable. On the other hand, Sen. William Proxmire, Lockheed's arch-critic, said the narrow victory in the House made the Bill look "very, very vulnerable."

The most serious danger facing the legislation was illustrated last week when an initial move to restrict the

vote to aid to Lockheed alone was being considered. A head-count by supporters revealed that a number of senators who would have voted for the \$2,000m. aid would oppose the narrower Bill.

It is not yet known whether the supporters have succeeded in rounding up a majority, though both sides have been working hard this week-end to try to rally support.

The Administration, meanwhile, has not been inactive. The Secretary of the Treasury was reported to have tried to persuade Congressional leaders to settle on a compromise Bill containing \$500m. in assistance, so as to ease the decision of those senators unwilling to approve aid for Lockheed alone.

This initiative failed, however, and shortly after the House vote on Friday, the Administration officially endorsed the \$250m. Lockheed-only legislation.

Charter flight statement call as 200 are stranded

BY ARTHUR SMITH

MR. ROY MASON, "shadow" Minister for Civil Aviation, will to-day press for a Government statement on charter flight operations following a week-end in which some 200 American tourists have been stranded in Britain, unable to get a return flight.

About 40 passengers without cash were last night sleeping on carpeted floors at Heathrow Airport, hoping for news from the U.S. Embassy in London. And at Stansted Airport, another 80 stranded tourists were awaiting flights home.

Some passengers with credit cards were able to return to New York on scheduled flights. Others, including children and the elderly, went to a London hotel.

The confusion began at Stansted Airport in the early hours of Sunday morning, when the first party of 120, which had arrived in Britain on various charter flights, was refused transport on a Universal Airlines DC-8 jet.

A spokesman explained that Universal was an American supplemental carrier and, as such, unable to return passengers who had not arrived in the country on its flights. "We have great sympathy for the passengers but we accept and abide by the regulations laid down by the Department of Trade and Industry."

Mr. Robert Bonner, general manager of Stansted Airport, said passengers had been stranded in a predicament rested with the tour operators and not with Universal. He had contacted the American

Embassy and some passengers had left for a London hotel while others had gone on to Heathrow where they were still waiting last night.

An Embassy spokesman commented: "The situation is terribly confused and we are still trying to piece together the facts. We know the names of the American tour operators but are unable to contact them. There is little we can do to help our citizens until Monday."

Misery

Meanwhile, at Stansted, Mr. Bonner reported that another contingent of 80 tourists expecting to travel by Universal Airlines had been held up by the regulations.

He had contacted the organisers, the Scottish American Association, who had agreed that the passengers should return home by scheduled flights with the company hearing the full cost.

Mr. Greville Janner, Labour MP for Leicester North West, said: "Steps ought to be taken to prevent this misery occurring. Innocent people are becoming victims of this international mess over charter flying. If action were not taken, he would put down a private notice question to-day, he added.

Meanwhile, investigations into allegations that Department of Trade and Industry officials were bribed to ignore illegal charter flights have been started. In charge is former Det. Chief Superintendent Sam Newman of Scotland Yard.

No startling results likely from this week's NEDC

BY JOHN ELLIOTT, LABOUR EDITOR

RENEWED attempts for some understanding to be reached between the Government, CBI and TUC on the future of the economy will be made at Wednesday's meeting of the National Economic Development Council—the first to be held since the Government and CBI introduced their recessionary and price restraint policies.

But no startling results are expected from the meeting, where the Chancellor of the Exchequer will be in the chair, and those taking part will probably be well satisfied if they can at least report afterwards, as they did after last month's talks, that they have had yet another calm and constructive meeting.

The three parties all appear to be determined to keep their discussions in a low key, hoping that after the Government's and CBI's initiatives they can range over the country's medium as well as short-term economic future. It is also hoped that the high unemployment figures announced 10 days ago and the Government's plans for cutting back Upper Clyde Shipbuilders will not sour the good atmosphere that was created last month.

The talks will centre around the Government's hope for a growth rate of 4 to 4½ per cent. The CBI's policy of price rises in general being kept down to 5

per cent, and the TUC's own policy document. This document was discussed last month and envisages increases in real wages coming from smaller pay rises than those currently being negotiated, providing the economy expands and the rate of price increases falls off.

Positive reaction

But there is unlikely to be any strong pressure on the TUC leaders to produce any hard and fast measures following the events of the last few weeks, although some positive reaction will be looked for. Absent from the TUC delegation will be Mr. Jack Jones of the Transport and General Workers' Union and Sir Sidney Greene of the National Union of Railwaymen, who are at an international transport union conference in Vienna.

It is expected that in the present political atmosphere, with unemployment and price rises at their present high levels, and with the Industrial Relations Bill ending its Parliamentary stages about 12 years after the NEDC meeting, more harm than good could result from trying to put the unions "on the spot."

So instead of looking for the public pledges and firm incomes controls that were tried by the last Administration, the Government and the CBI now seem to

accept that the most that can be expected in the short term is some relaxation by union leaders—perhaps encouraged informally by their union leaders—who might lower their sights when pressing for wage rises.

This general approach means that, since there is no NEDC meeting scheduled for September, the talks will be adjourned until October, although during the intervening two months, Sir Frank Figueres, NEDC director-general, is expected to keep in touch with the Treasury and Department of Employment, together with Mr. Campbell Adamson, CBI director-general, and Mr. Vic Feather, TUC general secretary.

By October, the new round of wage negotiations in the public sector will be under way and the engineering industry will be starting its major negotiations on a new package deal. In the public sector, the Government will be continuing its policy of gradually lowering the level of wage increases.

Ministers, who will be looking to the local government manual workers not to press their claim for a "substantial" increase as hard as they have done in the last couple of years, are encouraged by the Government industrial workers'—expected acceptance of 8½ per cent increases.

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Weather

U.K. TO-DAY
Most places will have show or longer periods of rain with thunderstorms. E. Anglia, E. Midlands, Cent. S. and S.E. England will have a mostly dry afternoon with sunny spells. Temperatures be near normal generally.

London: S.E. and E. Eng. E. Anglia
Rain early, mostly dry sunny spells later. Wind S light. Max 21C (70F).

Cent. S. Eng. E. Midlands: Channel Isles
Scattered showers become dry sunny spells. Wind S light, later S.E. moderate. Max 21C (70F).

S.W. Eng. W. Midlands: W. Shetlands, sunny spells but with some rain. Wind S.W. backing moderate. Max 19C (66F).

Cent. N. and N.W. Eng. I. Dist. Isle of Man S.W. S. Glasgow: Argyll; N. Ireland
Showers, occasionally heavy with local thunderstorms. W. S.W. light becoming variable. Max 18C (64F).

N.E. Eng. Borders: E. Scot
Rain, perhaps heavy, becoming brighter with some show winds to S.W. light. Max (64F).

Edinburgh: Cent. Highland
Dundee; Caithness; N.W. Scot
Rain, heavy at times, bright later. Wind S.E. light. Max (61F).

Orkney; Shetland
Rain spreading from S. W. S.E. light to moderate. Max (59F).

Outlook: Showers or long periods of rain in most places. Normal temperatures.

BUSINESS CENTRES			
	Today	Monday	Max
Amsterdam	F 22	23	24
Bahia	F 22	23	24
Bombay	F 22	23	24
Buenos Aires	F 22	23	24
Calcutta	F 22	23	24
Canton	F 22	23	24
Cebu	F 22	23	24
Hankow	F 22	23	24
Hong Kong	F 22	23	24
Kobe	F 22	23	24
London	F 22	23	24
Lyons	F 22	23	24
Manila	F 22	23	24
Medan	F 22	23	24
Osaka	F 22	23	24
Panama	F 22	23	24
Paris	F 22	23	24
Rangoon	F 22	23	24
San Francisco	F 22	23	24
Singapore	F 22	23	24
Sourabaya	F 22	23	24
Tientsin	F 22	23	24
Yokohama	F 22	23	24

HOLIDAY RESORTS			
	Today	Monday	Max
Algeria	F 22	23	24
Algeria	F 22	23	24
Algeria	F 22	23	24
Algeria	F 22	23	24
Algeria	F 22	23	24
Algeria	F 22	23	24
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Algeria	F 22	23	24

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